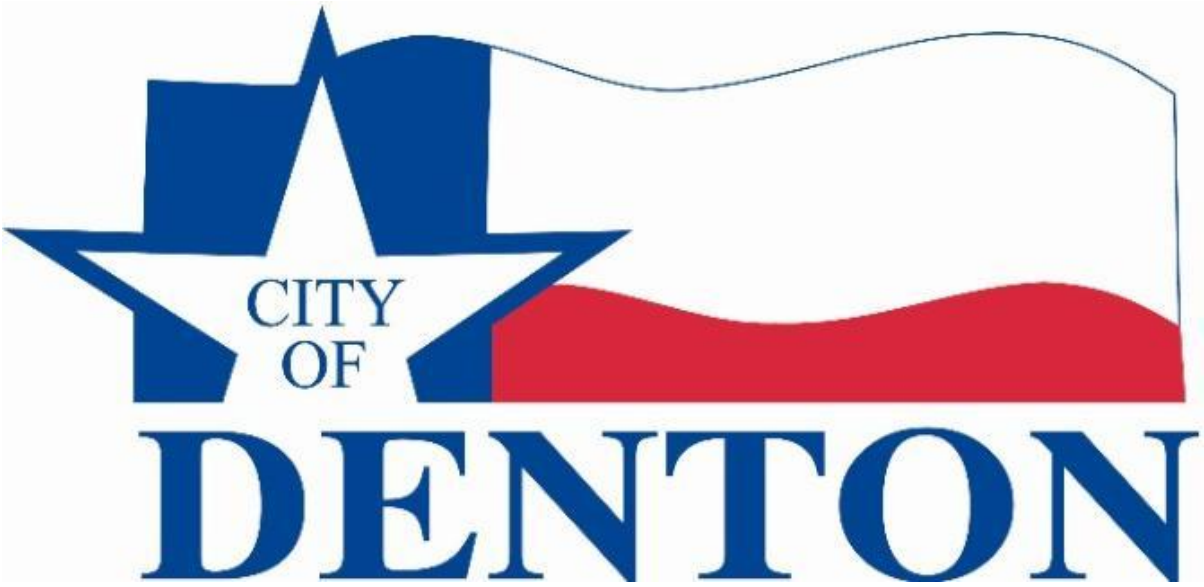
CITY OF DENTON TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

FISCAL YEAR ENDING SEPT. 30, 2020


CITY
OF
DENTON

VISION

"Destination Denton"

Denton is an identifiable and memorable destination and a community of opportunities. We achieve this by providing high quality of life through excellence in education, entertainment, and employment; neighborhood vitality and sustainability; environmental and financial stewardship; and superior public facilities and services.

MISSION

"Dedicated to Quality Service"

The City of Denton will foster an environment that will deliver extraordinary quality service and products through stakeholder, peer group, and citizen collaboration; leadership and innovation; and sustainable and efficient use of resources.

VALUES

"We Care"

We care about our people, our community, and our work. We do this with integrity, respect, and fairness.

CORE VALUES

INTEGRITY

Making sure that with every decision we make, our actions match our values.

FISCAL RESPONSIBILITY

Ensuring that people can trust that we use public funds conscientiously, with the community's best interest in mind.

TRANSPARENCY

Building an environment of trust by interacting with others honestly as well as collecting and sharing clear and concise information.

OUTSTANDING CUSTOMER SERVICE

Employing a holistic approach to problem-solving and providing responsive service that goes above and beyond expectations.

CITY OF DENTON, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended September 30, 2020

CITY MANAGER

Sara Hensley (Interim)

ASSISTANT CITY MANAGER/
CHIEF FINANCIAL OFFICER
David Gaines

Prepared by:

Cassandra Ogden
Director of Finance

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Controller

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Assistant Controller

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Senior Accountant

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Senior Accountant

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Accountant

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Accountant

Lori Allen
Accountant

Tonia Lynch
Accountant

Nicholas Vincent
Assistant Director of Finance

Randee Klingele
Treasury Manager

City of Denton, Texas
Comprehensive Annual Financial Report
For Year Ended September 30, 2020

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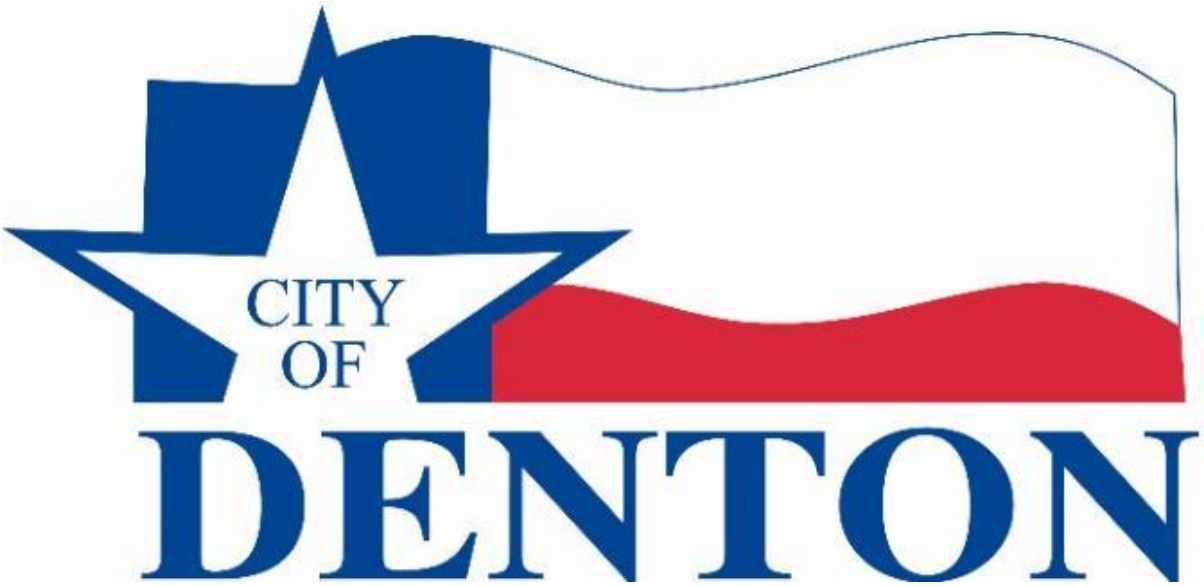

CITY
OF
DENTON

Finance Department
215 E. McKinney St., Denton, TX 76201 • (940) 349-8531

March 12, 2021

The Honorable Mayor and Members of the City Council
City of Denton
Denton, Texas

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report (CAFR) of the City of Denton (the City) for the fiscal year ended September 30, 2020. The purpose of the report is to provide the City Council, management, citizens, and other interested parties with detailed information concerning the City's financial condition.

THE REPORT

The Texas Local Government Code (§ 103.001) requires an annual audit for municipalities. In addition, the City Charter (Section 2.13) requires a Certified Public Accountant who, as of the end of the fiscal year, shall make an "independent audit of accounts" and prepare a report to the City Council and the City Manager. This document fulfills the above-mentioned requirements, and the independent auditor's opinion is included in the report for the fiscal year ended September 30, 2020.

The CAFR is presented in three main sections: Introductory, Financial, and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes the Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements, along with the independent auditors' report. The Statistical Section and Other Supplementary Information include selected financial and demographic information, generally presented on a multi-year basis.

The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City, and is based upon a comprehensive framework of internal control established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance the financial statements are free of any material misstatements. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to fairly present the results of our operations in each of the various funds reported by the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The accounting firm of Weaver and Tidwell, LLP. has issued an unmodified opinion on the City of Denton's financial statements for the period ended September 30, 2020. As a recipient of federal and state grant awards, a separate audit is prepared to meet the requirements of the Single Audit Act Amendments of 1996 and related Uniform Guidance. As a part of the City's single audit, tests are conducted to determine that the City has complied with applicable laws and regulations related to federal awards.

Management's Discussion and Analysis (MD&A) immediately follows the independent auditors' report and provides a narrative introduction, overview, and analysis of the basic financial statements. The MD&A complements this letter of transmittal and should be read in conjunction with it.

PROFILE OF THE GOVERNMENT

Originally incorporated on September 26, 1866, the City of Denton is now 98.818 square miles and has an estimated population of 140,956. The City is a home rule city and operates under the Council-Manager form of government. The elected seven-member council consists of a Mayor and six Council Members. The Mayor and two Council Members are elected at large, while the remaining representatives are elected from single member

districts. The City Council enacts local laws, determines policy, and adopts the annual budget, and the City Manager is the chief executive officer for the City.

The City of Denton is in the northern portion of the Dallas/Fort Worth Consolidated Metropolitan Statistical Area (CMSA). The City is a part of the Dallas/Fort Worth Metroplex and is situated at the apex of a triangle based by Dallas (37 miles to the southeast) and Fort Worth (35 miles to the southwest) providing excellent access to and from all parts of the area.

The City provides a full range of general government services to its citizens including: public safety (police and fire protection); public works (construction and maintenance of highways, streets and infrastructure); parks and recreation; library; planning and zoning; economic development; and general administrative services. The City's enterprise fund operations consist of a utility system, solid waste, and airport operations. The City's utility system provides electric, water, and wastewater services.

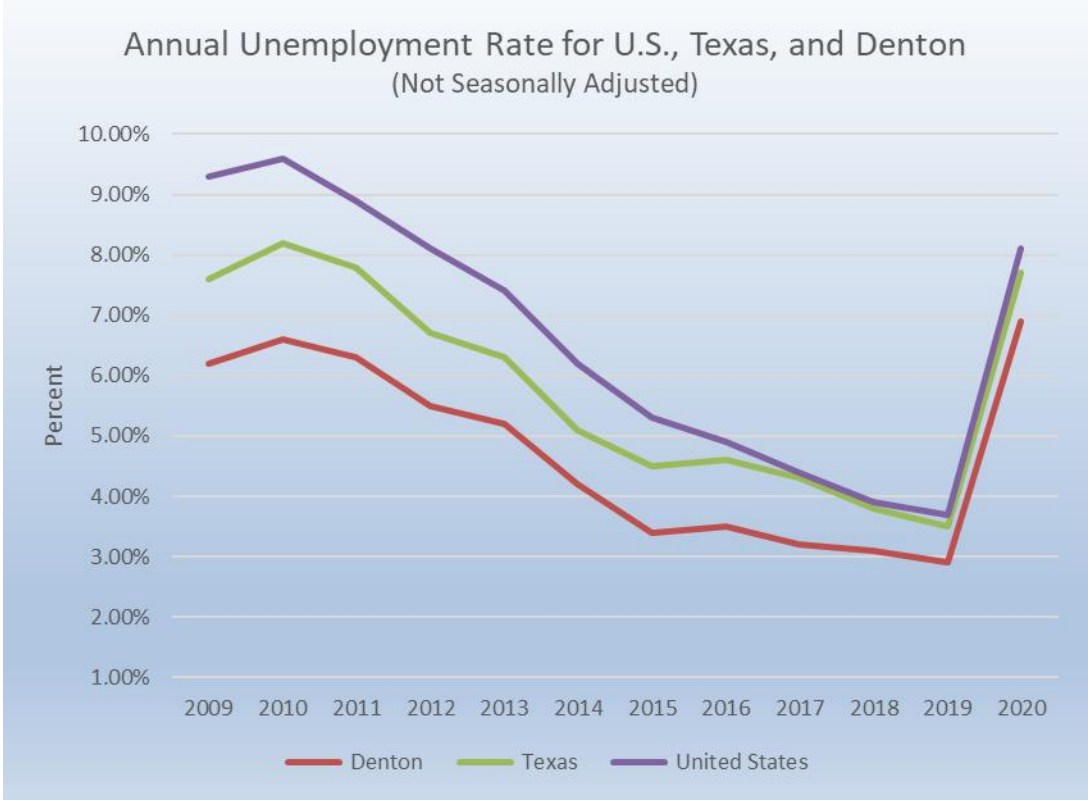
The internal service operations consist of the Materials Management, Fleet Services, Risk Retention, Health Insurance, Engineering Services, Technology Services, Customer Service, and Facilities funds. The Materials Management Fund accounts for the financing of Warehouse and Purchasing services which are provided to other City departments. The Fleet Services Fund accounts for the financing of goods and services provided by the municipal garage to other departments within the City. The Risk Retention Fund accounts for the accumulation of resources for the payment of workers' compensation, general liability claims, and insurance policies. The Health Insurance Fund accounts for administration of the self-insurance program for health coverage in the City. The Engineering Services Fund accounts for the provision of internal engineering services to various City operations and capital projects. The Technology Services Fund provides support for the various information and computer systems within the City. The Customer Service Fund accounts for the financing of customer service activities provided to the residents and businesses of the City on behalf of other departments within the City. The Facilities Management Fund is responsible for maintaining all city-owned facilities and vertical construction projects. The financial statements presented include all government activities, organizations, and functions for which the City is financially accountable as defined by the Governmental Accounting Standards Board (GASB).

LOCAL ECONOMY

Fiscal year 2019-20 brought some economic challenges related to the COVID-19 pandemic. Despite the challenges, the City of Denton's tax base continues to grow with an average growth rate of 7.89% over the last 10 years. Recently, the City's tax base grew by 9.70% in FY 2018-19, 11.92% in FY 2019-20, and 3.48% in FY 2020-21. After property tax revenues, the second largest source of revenue in the General Fund is sales tax. Representing approximately 31.5% of overall revenue in the General Fund, sales tax is a significant revenue source that is dependent upon a variety of economic factors. For FY 2019-20, total sales tax revenues equaled $39,337,834, which is $1,007,009 or 2.63%, more than the prior year collections of $38,330,825.

The City of Denton's net seasonally adjusted annual unemployment average rate remains below state and national levels at an average 6.9 percent in 2020 but is above levels not seen for over ten years. This is in line with the national unemployment trends due to the COVID-19 pandemic. Excluding City building, County buildings, schools, and churches, the City of Denton issued 1,601 residential and commercial building permits for FY2019-20, with an estimated value of $700 million. This compares to a total of 1,876 commercial and residential permits issued for FY2018-19 and an estimated value of $454 million. The overall permit numbers were down due to a decrease in single family housing, but the estimated dollar value increased mainly due to multi-family housing of $226 million and storage buildings of $76 million.

The following two charts highlight the strength of the local economy over the last ten years by displaying the City of Denton's unemployment rate compared to Texas and the United States and the taxable property values per capita in the City of Denton.


Annual Unemployment Rate for U.S., Texas, and Denton
(Not Seasonally Adjusted)
Percent
10.00%
9.00%
8.00%
7.00%
6.00%
5.00%
4.00%
3.00%
2.00%
1.00%
2009 2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020
Denton
Texas
United States

Taxable Property Value Per Capita
(City of Denton)
$100,000
$90,000
$80,000
$70,000
$60,000
$50,000
$40,000
2010 2011 2012 2013 2014 2015 2016 2017 2018 2019 2020

Fiscal year 2019-20 brought economic development challenges due to the COVID-19 pandemic. However, the City continued to see indicators of a strong economy that adjusted to and remained stable throughout the pandemic. Listed below are just a few of the highlights:

- The Rayzor Ranch mixed-use development is located on both the north and south sides of US Highway 380 in Denton. Rayzor Ranch Marketplace, on the north side of the development, has constructed over 500,000 square feet of retail and commercial space. Sam's Club and Wal-Mart anchor the development. The Town Center also includes the Embassy Suites Hotel and Convention Center described in more detail below. In addition, a new 300-unit multifamily project, the Village at Rayzor Ranch, opened in late 2019, and construction began in 2020 on the Residences at Rayzor Ranch, a 40-acre site that will include 215 town homes and 65 single family homes.
- O'Reilly Hotel Partners Denton (OHPD) opened the 70,000-square-foot Convention Center, 318-room LEED Gold Certified Embassy Suites Hotel, and Houlihan's restaurant project in January 2018. The property was designated as a "2019 AAA Inspector's Best of Housekeeping Hotel," which ranks the hotel in the top 25% of 27,000 inspected hotels. In 2019, Hilton Worldwide recognized the Embassy Suites Denton Hotel and Convention Center as the #1 in Brand 2019 Connie Award winner, the highest distinction across all 17 Hilton Worldwide brands and the 258 eligible properties. As a major anchor for the Rayzor Ranch Town Center, the project capitalizes on the shopping, entertainment, and restaurants located nearby. The privately managed convention center is also expected to expand the City's convention business and overall tourism industry.
- The Buc-ee's Travel Center, which opened in October 2018, is a commercial development that includes an approximately 53,000-square-foot retail store, fuel sales, car wash, and outparcels for future development. The main retail store and the associated fuel sales are open 24 hours a day, seven days a week. The development has resulted in the Texas Department of Transportation (TxDOT) advancing several mobility improvements to the intersections of Loop 288/Lillian Miller and I-35E, Mayhill Road and I-35E, and Brinker Road and I-35E.
- The City's airport has expanded by adding a 5,000 foot-long, 75-foot wide second runaway. This project was funded by the City and a grant by the Texas Department of Transportation – Aviation Division. The $6.3 million parallel runway was completed in November 2019, with the grand opening held in December 2019. This significantly expands the capacity of the Denton airport which is currently the eighth busiest airport in Texas and the number three general aviation airport in the state.
- The North Central Texas College (NCTC) completed the construction of a new campus in 2019, the First State Bank Exchange, in downtown Denton, with its first full year of operation occurring in FY 19-20. The facility is approximately 45,000 square feet, with classrooms for 2,500 students including two lecture classrooms and a lecture hall and a four-story parking garage with 300 spaces. NCTC has a partnership with the University of North Texas and Texas Woman's University that allows students to transfer without losing credits and gives student the opportunity to be concurrently enrolled at all three institutions. The renovated building also includes retail and restaurant spaces that are rapidly filling up. In FY 19-20, new businesses included Ironwood Axe Throwing and the Vinyl Lounge.
- Denton continued to see positive growth in the tech industry in FY 2019-20. Denton's coworking space and entrepreneur center, Stoke Denton, quickly transformed to a virtual training and mentorship hub through the pandemic, and continued to serve their membership. Sixty-nine events were hosted by Stoke in 2020. In addition, Denton approved of its first ever tech/entrepreneurship grants in 2020, with the two local companies detailed below:
    - Team of Defenders – Team of Defenders is an IT platform company established in 2018. They currently operate out of Stoke and estimate that they will hire 56 tech employees with a payroll of $7M in the next ten years.
    - From the Future – From the Future is a local software company, founded in 2009, specializing in virtual reality training. They currently operate in Downtown Denton and estimate they will add 138 new employees and reach a payroll of more than $10 million over the next 10 years.
- Three projects, which will total over 2.5 million square feet, are currently underway in the Westpark Tax Increment Reinvestment Zone (TIRZ) in the largest industrially zoned area within the City.

- Ironwood Realty Partners and Scannell Properties have partnered on an industrial project, Denton Crossing @ I-35, which will house approximately 1.2 million square feet of industrial speculative space along Western Boulevard. There will be a total of four buildings upon completion. There are concept plans for building 1 and 2. Buildings 3 and 4 are currently under construction and will comprise up to 398,000 and 127,000 square feet of warehouse space, respectively.
- Exeter has completed a building comprising 649,000 square feet, where W. Oak Street and Jim Christal meet, that will be the newest distribution center for Lowe's Home Improvement.
- Hunt Southwest is developing 23-acre site on S. Western Boulevard at Jim Christal Road at the I-35 Convergence. It is planned to have 250,000 square feet of warehouse space with a proposed build-to-suit on seven of the acres, for a 227,420 square foot building.
- Westpark Industrial, a 16-acre parcel, will include two speculative buildings at just over 100,000 square feet each.

Other industrial development, outside the TIRZ, includes West Gate Business Park, which brings new Class A industrial/manufacturing space to Denton. Building 2, which comprises 91,191 square feet has been constructed.

LONG-TERM FINANCIAL PLANNING

In conjunction with this document, interested parties are encouraged to read the City of Denton's FY 2020-21 Annual Budget document. This document details the City's strategic plan, long-term financial policies, program accomplishments, and other key initiatives. The document also includes the long-term financial forecasts for each of the major funds, and a summary of the assumptions that are included in these plans. In addition, the budget document provides an overview of the adopted Capital Improvement Program and planned future debt issuances. The Annual Budget can be accessed through the City's web site at www.cityofdenton.com and selecting Financial Transparency under the "Open Government" link.

RELEVANT FINANCIAL POLICIES

The City of Denton maintains reserve balances for emergencies. In the General Fund, the target reserve level is a minimum of 20% of budgeted expenditures with an additional 5% resiliency reserve for a combined total of 25% to provide stability and flexibility for the organization. As described in the accompanying CAFR document, the unassigned fund balance is $33.8 million, or 24.75%, of the budgeted General Fund expenditures for the fiscal year ended September 30, 2020.

Beginning in FY 2011-12, the City adopted a policy which requires a minimum ending working capital balance (current assets minus current liabilities) of at least 8% of budgeted expenditures for the Electric, Water, Wastewater and Solid Waste Funds. If the working capital level should fall below the desired minimum, the City will implement necessary corrective action with a five-year plan to restore the working capital balance to 8% of budgeted expenditures.

Additionally, rate reserve levels were established for the Electric, Water, Wastewater, and Solid Waste Funds in FY 2011-12 according to the unique operational aspects of each utility. The rate reserve levels were most recently revised in FY 2015-16 based on the factors of revenue stability, expense and demand volatility, infrastructure age, debt levels and management plans for the use of these reserves. The rate reserve level is established at a range of 8% to 12% of expenses for the Electric Fund, at a range of 20% to 31% of expenses for the Wastewater Fund, at a range of 25% to 42% of expenses for the Water Fund, and at a range of 6% to 10% of expenses for the Solid Waste Fund. If the rate reserve level falls below the range, the City will implement necessary corrective action within a five-year plan to restore the balances to the levels outlined above.

The City of Denton has adopted an Investment Policy which guides the investment of all City funds. In accordance with State law, the policy is reviewed annually by the City Council to ensure that public funds are being invested in a conservative and prudent fashion. In addition, the City also annually reviews and approves a Debt Management policy. The purpose of this policy is to provide general guidelines regarding the issuance of City debt and the use and limitation of such debt. The City complied with all aspects of the Investment and Debt Management policies during FY 2019-20.

MAJOR INITIATIVES

The City implemented several cost reduction strategies in response to the pandemic with impacts on both the FY 2019-20 Budget and the FY 2020-21 Budget. These early actions allowed the organization to withstand revenues shortfalls and approach the new financial reality in a deliberate, transparent manner. Initial actions included a hiring freeze for non-civil service personnel, delayed or reprioritized capital projects, departmental cost-reduction strategies, and an analysis of contracts for possible elimination, reduction, or renegotiation. City Council also approved a Voluntary Separation Program (VSP), which resulted in the elimination of 85.84 positions in FY 2020-21.

As the pandemic continues, staff has continued to focus on public health, public safety, cost containment, organizational efficiency, and capital projects. Public Safety continues to be a top priority in the FY 2020-21 Budget with the addition of 6 Full-time Equivalents (FTE) in Police, 3 FTEs for Fire (fully staffing Station 8) and 2 FTEs in Legal.

The City's Strategic Plan and Council specifically identified improving street infrastructure as a major goal. In response to this goal, the FY 2020-21 Budget includes an additional transfer of $600,000 from General Fund franchise fee revenue to the Street Improvement Fund. This increase in funding shows the City's continued commitment to street infrastructure. The 2019 Bond Election also provided increased funding, and in FY 2020-21 $21.3 million will be issued for this purpose. The five-year financial plan estimates an increase in the total operating maintenance funding for the City's Street Improvement Fund to approximately $18.8 million by FY 2024-25.

The combination of increased operating funding along with the issuance of debt shows the strong commitment to improving our streets. In the future, the City staff will continue efforts to identify additional funding for street maintenance activities along with potential future debt issuances for street reconstruction to continue to improve the condition of the City's streets over the long term.

AWARDS AND ACKOWLEDGEMENTS

The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019, for the thirty-fifth consecutive year. To be awarded the Certificate of Achievement in Financial Reporting, the City must publish an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. We believe our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

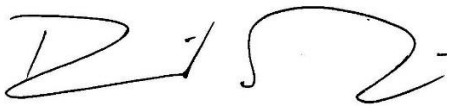
The City also received the GFOA award for Distinguished Budget Presentation for its fiscal year 2019-20 Annual Budget for the thirty-fourth consecutive year. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that Denton's budget is distinguished as an operations guide, financial plan, policy document, and communications device. The City has submitted its fiscal year 2020-21 Annual Budget to GFOA to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

The City received a Certificate of Distinction from the Government Treasurers of Texas (GTOT). The distinction was received for developing an investment policy that meets the requirements of the Public Funds Investment Act and the standards for prudent public investing as established by the GTOT. The GTOT awards an estimated 35 distinctions annually, which the City has received seven times since 1999.

In 2020, City of Denton's Procurement Department has been awarded the prestigious 25th Annual Achievement of Excellence in Procurement (AEP) for 2020 from the National Procurement Institute, Inc. (NPI). The AEP Award is earned by public and non-profit agencies that demonstrate a commitment to procurement excellence. This annual program recognizes procurement organizations that embrace innovation, professionalism, productivity, leadership and e-procurement. The AEP program encourages the development of excellence as well

as continued organizational improvement to earn the award annually. The City of Denton is one of only 69 cities in the United States and Canada to receive the award.

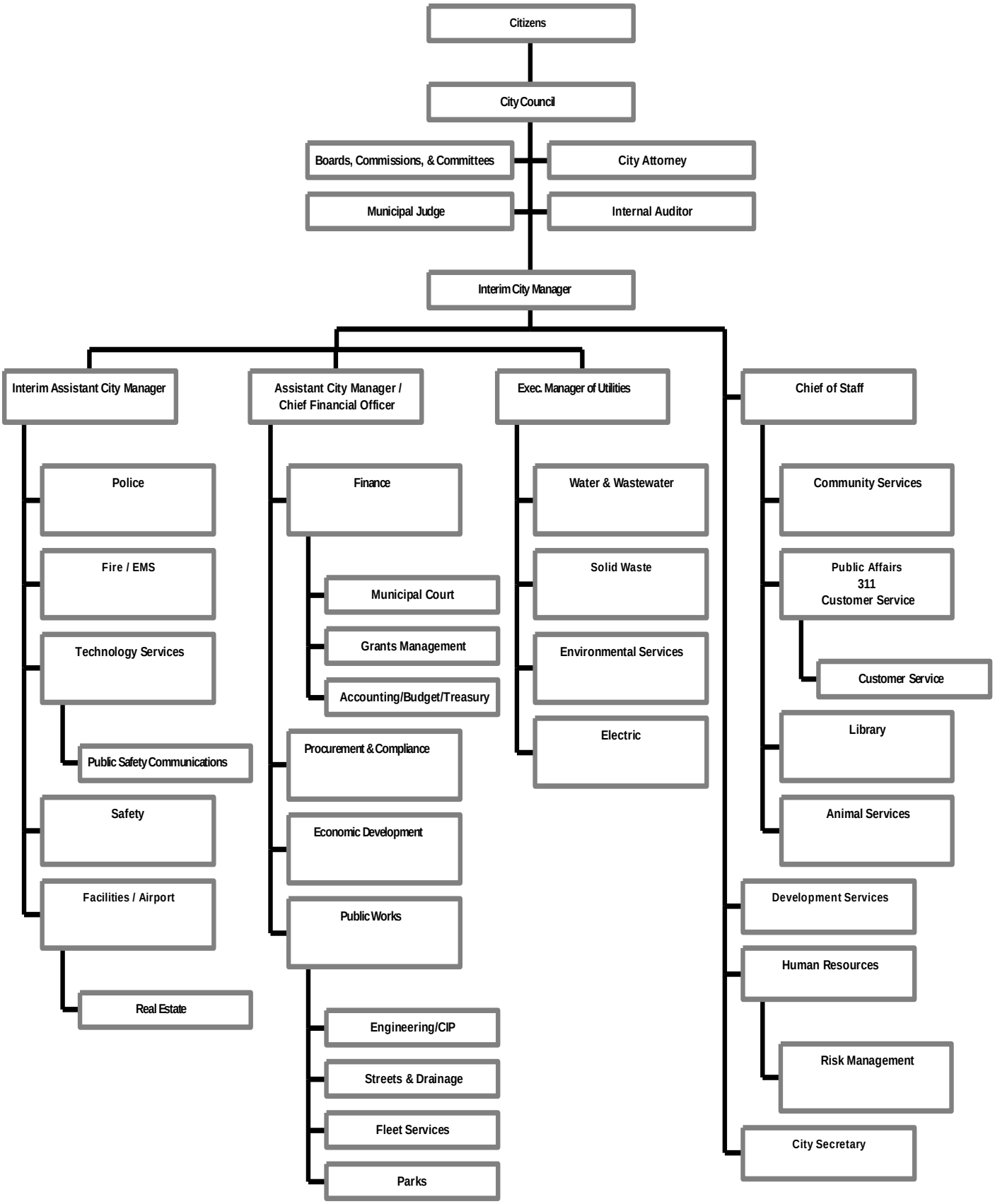
We would like to thank the City Council for their strong leadership and support that helped make the presentation of this report possible. We would also like to thank the City Manager, Finance staff, department directors, division heads and especially the Accounting Division staff for their diligent efforts in the preparation of the annual financial report.



David Gaines
Assistant City Manager/
Chief Financial Officer

Cassandra Ogden
Director of Finance

ORGANIZATIONAL CHART



Organizational Chart Effective February 6, 2021

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Denton
Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morrill

Executive Director/CEO

CITY OF DENTON, TEXAS

List of Principal Officials

ELECTED OFFICIALS

Title	Name
Mayor	Gerard Hudspeth
Councilmember, District 1	Birdia Johnson
Councilmember, District 2	Connie Baker
Councilmember, District 3	Jesse Davis
Councilmember, District 4	John Ryan
Councilmember, At Large Place 5	Deb Armintor
Councilmember, At Large Place 6	Paul Meltzer

CITY OFFICIALS

Title	Name
City Manager (Interim)	Sara Hensley
Assistant City Manager / Chief Financial Officer	David Gaines
Assistant City Manager (Interim) / Chief of Police	Frank Dixon
City Attorney	Aaron Leal
Municipal Judge	C. Tyler Atkinson
City Secretary	Rosa Rios

weaver
Assurance • Tax • Advisory

Independent Auditor's Report

To the Honorable Mayor
and Members of the City Council of
The City of Denton, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Denton, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members of the City Council of
The City of Denton, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020 and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and pension and OPEB information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information
Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual fund financial statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

The Honorable Mayor and Members of the City Council of
The City of Denton, Texas

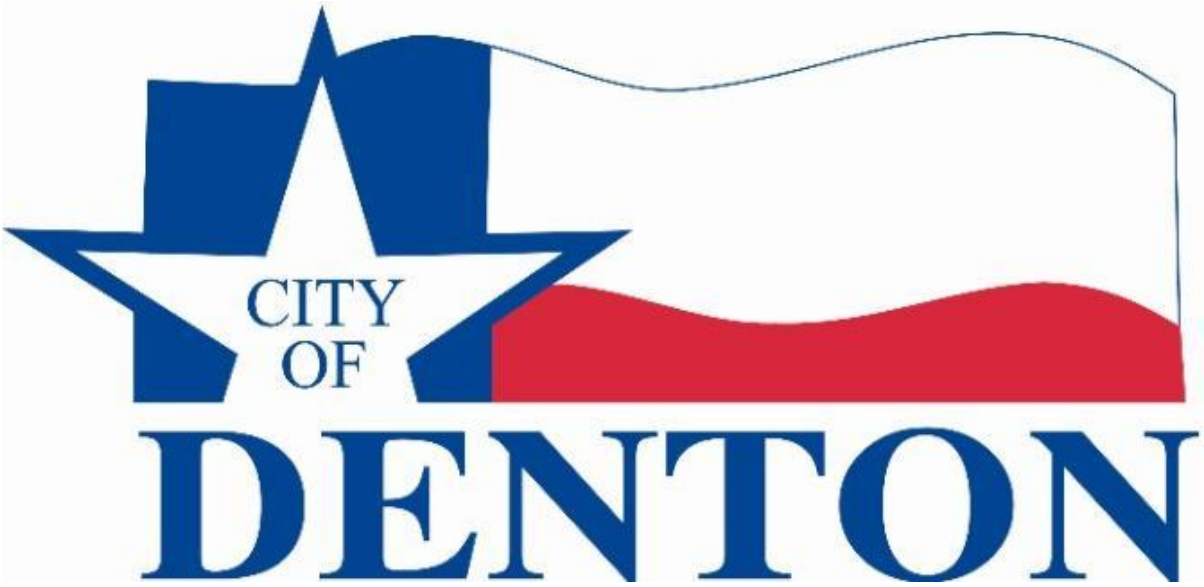
Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 12, 2021 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 12, 2021


CITY
OF
DENTON

The Management's Discussion and Analysis is designed to (a) assist the reader in focusing on significant financial issues, (b) provide an overview of the City's financial activity, (c) identify changes in the City's financial position (its ability to address the next and subsequent years' challenges), (d) identify any material deviations from the financial plan (the approved budget), and (e) identify individual fund issues or concerns.

Since the Management's Discussion and Analysis (MD&A) is designed to focus on the current year's activities, resulting changes and currently known facts, please read it in conjunction with the Transmittal Letter (beginning on page i) and the City's financial statements (beginning on page 17).

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the fiscal year ended September 30, 2020 by $1,144,129,603 (net position). Of this amount, $125,585,511 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by $114,821,932 in fiscal year 2020.
- As of September 30, 2020, the City's governmental funds reported combined fund balances of $191,539,517, an increase of $9,995,307 in comparison with the prior fiscal year. Compared to the prior year, revenues were higher by $10.1 million due to higher property tax of $4.1 million, sales tax of $1.0 million, franchise fees of $3.3 million, and license and permit revenue of $1.3 million. The City's property tax rate remained unchanged from the prior fiscal year. A continuing rise in property values, new construction and development projects within the City, and an update to the fee schedule for development services and engineering reviews to focus on cost recovery contributed to these revenue increases. Intergovernmental revenue increased $9.4 million from the prior year. This increase is due to the receipt of $4.8 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funding and $5.2 million increased spending on grant funded road projects. These revenues were offset by a decrease in investment revenues of $3.1 million due low interest rates. Other revenue decreases were a result of the pandemic and included declines of $2.5 million in fines and forfeitures, $0.9 million in hotel occupancy taxes, $0.2 million in mixed beverage taxes, and $1.3 million in fees for services as many city facilities and programs were closed and/or cancelled. Miscellaneous revenues decreased $1.0 million. Total expenditures of the City's combined governmental funds are $24.0 million higher than the prior year. Expenditures reflect higher costs for public safety of $6.2 million, capital expenditures of $21.6 million, and debt service interest costs of $1.0 million. The City experienced expenditure reductions across several governmental functions due to program cancellations, temporary facility closures, and a voluntary separation program for employees. These reductions were in general government of $2.2 million, parks and recreation of $2.1 million, and public works of $0.5 million. New proceeds from the issuance of long-term debt added $51.7 million in new funding. Net transfers in decreased by $2.6 million, from a net transfer in of $4.2 million in fiscal year 2019, to a net transfer in of $1.6 million in fiscal year 2020. Approximately 17.1% of the $191,539,517, or $32,789,416, is available for spending at the government's discretion (unassigned fund balance).
- The City's total noncurrent liabilities, including other noncurrent liabilities, decreased by $16,027,105 during the fiscal year. The primary reasons for the changes are the issuance of $58.1 million of certificates of obligation and $62.1 million of general obligation refunding and improvement bonds. These issues were offset by the scheduled pay down of general obligation bonds and certificates of obligation of $69.5 million and the amortization of related premium and discounts of $4.5 million. In addition, the City refunded $32.8 million of certificates of obligation and $9.9 million of general obligation bonds. Favorable market conditions relative to actual plan performance versus actuarial assumptions contributed to a decrease of $35.8 million in pension liabilities. The City's liability for other post-employment benefits increased $3.0 million. The City's liability for claims and judgements increased $4.0 million this year. Additional information on the City's long-term debt can be found in note IV.G. on pages 56 - 60 of this report. Additional information on the City's agreement with TMPA can be found in note V.E. on pages 78-80 of this report. Additional information on the City's litigation can be found in note V.G. on page 85 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS

The Management's Discussion and Analysis is intended to serve as an introduction to the City of Denton's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the City's finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets, liabilities, deferred inflows, and deferred outflows with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All of the current year's revenues and expenses are considered regardless of when cash is received or paid. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but not used vacation leave). Both the statement of net position and the statement of activities are prepared using the accrual basis of accounting as opposed to the modified accrual basis.

In the Statement of Net Position and the Statement of Activities, the City is divided between two kinds of activities:

- **Governmental activities**. Most of the City's basic services are reported here, including police, fire, libraries, development, public services and operations, public works, building inspection, technology services and general administration. Property taxes, sales taxes, and franchise fees finance most of these activities.
- **Business-type activities**. The City charges a fee to customers to cover the cost of services it provides. The City's utility systems (electric, water and wastewater), solid waste, and airport activities are reported here.

The government-wide financial statements can be found on pages 17 - 19 of the report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Fund financial statements provide detailed information about the most significant funds, not the City as a whole. Some funds are required to be established by state law or bond covenants. However, the City Council establishes many other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants and other monies. The following illustration summarizes the major features the City's financial statements.

Major Features of City of Denton's Government-wide and Fund Financial Statements

	Government-wide Statements	Fund Statements	
		Governmental Funds	Proprietary Funds
Scope	Entire City government	Activities of the City that are not proprietary, such as police, fire and parks	Activities the City operates similar to private businesses: electric, water, wastewater utilities, solid waste and airport operations
Required financial statements	Statement of net position Statement of activities	Balance Sheet Statement of revenues, expenditures and changes in fund balances	Statement of net position Statement of revenues, expenses and changes in net position Statement of cash flows
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
Types of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, short-term and long-term
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year of soon thereafter	All revenues and expenses during year, regardless of when cash is received or paid

All of the funds of the City can be divided into three categories: governmental funds, proprietary funds and fiduciary funds.

- **Governmental funds**. The majority of the City's basic services are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. These funds are reported using an accounting method identified as the modified accrual basis of accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. By comparing information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements, readers may better understand the long-term impact of the government's near-term financing decisions. The relationship or differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds are detailed in a reconciliation following the fund financial statements.

  The City of Denton maintains twelve governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the general fund, debt service fund and capital projects fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for eight of these non-major governmental funds, along with an aggregate of all other governmental funds, is provided in the form of combining statements elsewhere in this report.

- **Proprietary funds**. The City charges customers for certain services it provides, whether to outside customers or to other units within the City. These services are generally reported in proprietary funds.

Proprietary funds are reported in the same manner that all activities are reported in the Statement of Net Position and the Statement of Activities. The City's enterprise funds are similar to the business-type activities that are reported in the government-wide statements but provide more detail and additional information, such as cash flows. The City's internal service funds are used to accumulate and allocate costs internally among the City of Denton's various functions. Both enterprise funds and internal service funds are components of proprietary funds.

The City of Denton maintains five enterprise funds. The City uses enterprise funds to account for its electric, water, wastewater, solid waste, and airport operations. The individual funds provide the same type of information as the government-wide financial statements only in more detail. The City considers all enterprise funds to be major funds.

The City of Denton maintains eight internal service funds. The City uses internal service funds to account for materials management, fleet services, health insurance, risk retention, technology services, engineering services, customer service, and facilities management. Because these services benefit both governmental and business-type functions, they have been included in both the governmental and business-type activities in the government-wide financial statements. Individual fund data for the internal service funds are provided in the form of combining statements in the combining and individual fund statements and schedules section of this report.

- **Fiduciary funds**. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. Agency funds are a component of fiduciary funds. Agency funds differ from other fiduciary funds in that they do not typically involve a formal trust agreement. Agency funds are used to account for situations where the City's role is purely custodial, such as receipt, temporary investment and remittance of fiduciary resources to individuals, private organizations, or other governments.

  The City maintains one fiduciary fund, an agency fund. The City uses agency funds to account for the collection and payment of property and evidence, temporary developer holdings and other similar relationships.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 35 - 87 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As of September 30, 2020, the City's combined net position was $1,144,129,603, of which $281,796,369 can be attributed to governmental activities and $862,333,234 attributed to business-type activities. This analysis focuses on the net position (Table 1) and changes in net position (Table 2) of the City's governmental and business-type activities.

The largest portion of the City's net position (83.1%) reflects its investment in capital assets (e.g., land, building, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Table 1
Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Current and other assets	$ 286,616	$ 274,125	$ 428,172	$ 433,830	$ 714,788	$ 707,955
Capital assets, net of accumulated depreciation	449,643	372,413	1,323,502	1,264,559	1,773,145	1,636,972
Total assets	736,259	646,538	1,751,674	1,698,389	2,487,933	2,344,927
Deferred outflows of resources	25,478	46,876	9,971	22,482	35,449	69,358
Long-term liabilities outstanding	377,066	363,657	864,988	894,424	1,242,054	1,258,081
Other liabilities	84,899	80,975	27,137	23,460	112,036	104,435
Total liabilities	461,965	444,632	892,125	917,884	1,354,090	1,362,516
Deferred inflows of resources	17,976	15,001	7,187	7,460	25,163	22,461
Net position:						
Net investment in capital assets	288,549	242,958	661,996	589,492	950,545	832,450
Restricted	29,974	30,348	38,025	32,680	67,999	63,028
Unrestricted	(36,727)	(39,525)	162,312	173,355	125,585	133,830
Total net position	$ 281,796	$ 233,781	$ 862,333	$ 795,527	$1,144,129	$1,029,308

Governmental activities increased the City's net position by $48,015,337. Business-type activities increased the City's net position by $66,806,595. The key elements of these increases are contained in Table 2.

Table 2
Changes in Net Position
(in thousands)

	Governmental Activities		Business-type Activities		Total	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program Revenues:						
Charges for services	$ 17,442	$ 20,276	$ 337,813	$ 359,434	$ 355,255	$ 379,710
Operating grants and contributions	8,991	4,093	-	-	8,991	4,093
Capital grants and contributions	34,912	28,085	16,374	16,039	51,286	44,124
General Revenues:						
Property tax	75,432	71,351	-	-	75,432	71,351
Sales tax	39,338	38,331	-	-	39,338	38,331
Franchise tax	29,504	26,161	-	-	29,504	26,161
Hotel occupancy tax	2,142	3,040	-	-	2,142	3,040
Beverage tax	441	662	-	-	441	662
Bingo tax	14	11	-	-	14	11
Investment Income	2,999	6,093	6,100	9,027	9,099	15,120
Miscellaneous	4,111	4,026	232	-	4,343	4,026
Total revenues	215,326	202,129	360,519	384,500	575,845	586,629
Expenses:						
General government	37,922	39,052	-	-	37,922	39,052
Public safety	82,119	77,883	-	-	82,119	77,883
Public works	26,050	24,503	-	-	26,050	24,503
Parks and recreation	15,759	17,711	-	-	15,759	17,711
Interest on long-term debt	6,758	6,751	-	-	6,758	6,751
Electric	-	-	195,307	236,131	195,307	236,131
Water	-	-	32,013	29,690	32,013	29,690
Wastewater	-	-	31,018	28,317	31,018	28,317
Solid waste	-	-	32,371	30,542	32,371	30,542
Airport	-	-	1,707	2,017	1,707	2,017
Total expenses	168,608	165,900	292,416	326,697	461,024	492,597
Increase in net position before transfers	46,718	36,229	68,103	57,803	114,821	94,032
Transfers	1,297	1,019	(1,297)	(1,019)	-	-
Increase in net position	48,015	37,248	66,806	56,784	114,821	94,032
Net position at beginning of year	233,781	196,533	795,527	738,743	1,029,308	935,276
Net position at end of year	$281,796	$ 233,781	$ 862,333	$ 795,527	$ 1,144,129	$1,029,308

Governmental activities. Expenses for governmental activities reflect an increase of $2.7 million over the prior year. Increases include $4.2 million for public safety expenses and $1.5 million for public works. These increases were offset by decreases of $1.1 million in general government and $2.0 million in parks and recreation. The most significant governmental activities expense was in providing public safety, which incurred expenses of $82,119,480. The largest expense for public safety is the cost of personnel, which totaled $65,050,509. Last year the City added 28.75 new positions in public safety including 18.5 in the police department. Governmental activities expenses decreased for both general government and parks and recreation due to facility closures and program cancelations resulting from the pandemic. Further measures included the City offering a voluntary separation package that was accepted by 51 employees classified within governmental activities.

These expenses were funded by revenues collected from a variety of sources, with the largest being from property taxes, which are $75,431,860 for the fiscal year ended September 30, 2020. Governmental activities program revenues increased $8.9 million over the prior year. Operating grants and contributions increased $4.8 million from receipt of CARES Act funding for general government and public safety. Capital grants and contributions increased $6.8 million from additional grant funding for public works transportation projects for Bonnie Brae and Mayhill Road. These revenue increases were offset by decreases in charges for services for both public safety and parks and recreation. Public safety saw a $2.0 million decline in revenues primarily due to a reduction in fines and forfeitures related to people staying home during the pandemic. Likewise, parks and recreation revenues decreased $2.9 million due to facility closures and program cancellations over the summer. Governmental activities general revenues included an increase of $4.1 million for property tax due to rising values and new construction. Franchise fee revenue increases of $3.3 million were offset by declines in investment income of $3.0 million as interest rates remained at historic lows. Transfers reflect a net $1.6 million transfer in for governmental activities for the current year.

Business-type activities. Business-type activities increased the City's net position by $66,806,595. This accounts for 58.2% of the growth in the entity-wide net position. All Utility service revenues decreased by a total of $24.2 million. Electric charges for services decreased by $26.4 million. While electric rates did not change from the prior year, the pandemic had a significant impact on three of the five largest commercial customers. Peterbilt Motors was forced to shut down production for a month and brought operations back online at a limited capacity. Texas Women's University and the University of North Texas did not return to campus after spring break. There were no rate adjustments for water or wastewater customers for the fiscal year. Water charges for services increased by $1.0 million as compared to the service charges from prior year. Wastewater charges decreased $0.3 million compared to the prior year. Solid Waste charges for service provided an increase of $1.5 million compared to the prior year. On November 5th, Council approved a rate reduction of $3 per month for residential customers and roughly 14% for commercial recycling customers. The resulting decrease in collection receipts was offset by increased revenues received from six independent companies making waste-volume and rate contracted agreements with the City. Airport charges for goods and services were unchanged from the prior year. Water and Wastewater collected $8.1 million and $5.6 million in impact fees, respectively, reflecting a $1.8 million increase over the prior year. Capital contributions, which arise from new property development within the City, represent a major revenue source for the Water and Wastewater funds during the current fiscal year. Capital contributions were $16.4 million during the year and represent a $0.4 million increase from the prior year. The Airport gas well revenues contributed an additional $0.2 million to the increase in net position, a decrease of $0.1 million from the prior year. Gas well revenues continue to decline as many wells in the City are being systematically plugged. Total enterprise funds operating costs, before depreciation, decreased $46.1 million. Electric expenses accounted for $51.1 million in cost reductions over the prior year. This was due to a reduction in the demand for services as the general weather patterns for both the summer and winter seasons were mild. In addition, three of the largest five commercial customers experienced reduced consumption due to the pandemic. Cost decreases include purchased power costs of $36.7 million and decommissioning of TMPA assets of $21.4 million as most of those costs were expensed in 2019. Cost increases over the prior year include administrative costs of $4.3 million and salaries and wages of $1.1 million. Water expenses increased $2.7 million from the prior year. Increased expenses were $2.1 million for administrative costs, $0.3 million for maintenance and repairs, and $0.2 million for personnel services. The net increase in administrative costs was due to a $2.5 million transfer out in 2019 for the customer service department's share of OPEB liabilities. The customer service business unit was removed from the water fund and established as a separate internal service fund last year. Wastewater expenses increased by $1.6 million from the prior year. Increases were in administrative costs of $1.1 million for capital project funding and personnel services of $0.4 million. Solid Waste operations expenses reflect increased costs for personnel services of $0.4 million, closure/post closure costs of $0.3 million, and material and supplies of $0.2 million compared to the prior year. Airport operations expenses reflect a combined $0.3 million decrease for personnel services, maintenance and repairs, and operations.

FINANCIAL ANALYSIS OF THE GOVERNMENT'S FUNDS

As noted earlier, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of resources available to spend. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of $191.5 million, an increase of $10.0 million in comparison with the prior year. $32,789,416 constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of the fund balance has been classified to indicate that it is not available for new spending because it has already been classified as restricted ($133.8 million), committed ($13.3 million), and assigned ($11.7 million).

The General Fund is the chief operating fund of the City. At September 30, 2020, the unassigned fund balance of the General Fund was $33.8 million, or 24.7% of budgeted general fund expenditures. The General Fund's ending fund balance increased by $3.0 million during the current fiscal year. The change in fund balance is due to expenditures, including other financing uses, of $122.0 million, and revenues, including other financing sources, of $125.1 million. Revenues were $7.9 million higher compared to the previous year primarily due to increases in taxes of $3.1 million. Licenses and permits increased $1.3 million from an update to the engineering and development review services fee structure to help recover costs. Intergovernmental revenue increased $3.7 million over the prior year due to a $4.0 million receipt of CARES Act funding. Franchise fees increased $2.8 million in part due to a $3.4 million increase in the ROI transfer % from the electric fund revenues. Effective April 22, 2020, City Council approved an increase of the transfer percentage from 4% to 6%. These increases were offset by a decrease in revenue of $1.4 million for fines and forfeitures due to the pandemic. The municipal court did not hold court hearings from mid-March until June 2020. There was also a decrease in the number of citations and the court ceased issuing warrants from mid-March through the end of the fiscal year. The net change in General Fund expenditures was $5.3 million higher compared to the previous year primarily due to increased costs related to personal services and operations. Personnel costs increased $5.1 million over the prior year. Merit increases for all city employees were frozen on April 18, 2020. In addition, a Voluntary Separation Program (VSP), resulted in the elimination of 26 General Fund positions. All vacant positions were evaluated by City Management, and according to the needs of the organization, positions were filled, transferred, or eliminated. Public safety increased $6.6 million over the prior year due to the addition of 28.75 positions including 18.50 in the police department. The public safety increase was offset by decreases in general government of $0.8 million and parks and recreation of $0.7 million from a voluntary separation program offered to employees. Maintenance and repair expenses were $1.1 million less than the previous year. Similarly, operations, services costs were down $1.3 million. These decreases were the result of government buildings, including libraries and recreation centers, being closed to the public from mid-March through June. The libraries and recreation centers reopened with limited access and reduced hours the remainder of the year. The facilities management business unit was also removed from the General Fund and set up as a separate internal service fund at the beginning of the fiscal year. These decreases were offset by an increase in transfers out of $1.7 million primarily due to an increase in funding of capital projects of $1.2 million. To help offset revenue shortfalls, City Management also looked at departmental cost-reduction strategies and performed an analysis of contracts for possible elimination, reduction, or renegotiation.

At the end of the fiscal year, the Capital Projects Fund has a total fund balance of $125.2 million, an increase of $4.3 million. The total fund balance is made up of $108.4 million in restricted funds, $5.1 million in committed funds, and $11.7 million in assigned funds, all for capital construction and acquisition. In 2020, the City received $55.0 million of proceeds from the issuance of debt and recognized $22.6 million of regional toll revenues from the Texas Department of Transportation, while expending $83.8 million on construction and acquisition. In addition, the capital projects fund received $1.4 million in interest income and $8.6 million of transfers from

other funding sources. The City also received approximately $11.0 million in developer's contributed capital recorded in the government-wide financial statements. This is $2.4 million more than in the prior year.

The Debt Service Fund has a total fund balance of $5.3 million, all of which is restricted for the payment of debt service. As compared with the prior year results, the overall decrease in the debt service fund balance of $0.1 million resulted from a decrease in investment revenue as reinvestment rates on maturing investments and investment pools remained low. An increase of $1.3 million in tax revenue was offset by an increase of $1.3 million in principal and interest costs. Additional amounts include an increase from the premium paid on debt issuance of $0.5 million.

Proprietary funds. The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Unrestricted net position at September 30, 2020 in proprietary funds are $69.5 million for Electric, $43.8 million for Water, $33.2 million for Wastewater, $5.3 million for Solid Waste, and $3.2 million for the Airport fund. The results reflect increases of the unrestricted net position in the Electric Fund of $11.8 million. The unrestricted net position decreased $15.3 million in the Water Fund and $5.7 million in the Wastewater fund. Other factors concerning the finances of these funds have already been addressed in the discussion of the City of Denton's business-type activities.

GENERAL FUND BUDGETARY HIGHLIGHTS

During fiscal year 2020, three formal amendments to adjust the City of Denton's Annual Program of Services were approved by Council. Council approved funding to provide for additional improvements and other administrative expenses. The additional funds increased the Electric Fund by $3.0 million to purchase the landfill gas to energy facility (DTE) and increase the General Fund Return on Investment (ROI) from 4% to 6%. The Parks Gas Well Fund received $0.1 million to fund improvements to the American Legion Hall. The Capital Projects Fund appropriations were increased $35.35 million for funding improvements to the City's fleet services building ($2.9 million), City Hall West renovations ($7.5 million), and projects identified in the 2019 bond election including Bonnie Brae phases V, VI, VII ($4.0 million), Hickory Creek ($5.25 million), Street Rehabilitation program ($1.2 million), Sidewalks ($2.5 million), Street Lighting ($2.0 million), and the Police Station renovation ($10 million). The Risk Retention Fund received additional appropriations of $3.0 million to fund additional claims.

GENERAL FUND BUDGET TO ACTUAL HIGHLIGHT

For fiscal year 2020, General Fund actual expenditures (including transfers) on a budgetary basis were $134.2 million compared to the final budget of $136.5 million. The $2.3 million positive expenditure variance was primarily due to reduced costs of $0.4 million in personnel services, $0.8 million in materials and supplies, $0.3 in maintenance and repairs, and $0.8 million in service operations.

Personnel savings are due to reduced costs of $1.4 million in parks and recreation, and $0.1 million in both public works and public safety. These positive variances were offset by general government expenditures which were $1.2 million unfavorable to budget due in part to costs associated with the voluntary separation program. In addition to personnel savings, materials and supplies expenditures were favorable to budget for both general government of $0.4 million and parks and recreation of $0.5 million. These savings, as well as those for maintenance and repair costs, were the result of facility closures and program cutbacks due to the pandemic. Maintenance and repair costs were favorable to budget by $0.3 million for parks and recreation. The net favorable variance in service operations was due to general government savings of $0.7 million and parks and recreation savings of $0.5 million that was offset by increased costs for public safety of $0.4 million.

Actual revenues for the General Fund (including transfers and sale of capital asset) on a budgetary basis were $137.3 million compared to the final budget of $136.3 million. Included in the $1.0 favorable revenue variance was $3.0 million of intergovernmental revenue from CARES Act funding. Franchise fees were also favorable to budget by $2.6 million in part from the increase of ROI transfer from the electric fund for $3.0 million. Council approved the increase in the percentage of the transfer from 4% to 6% effective April 22nd. These favorable variances were offset by declines of $1.4 million for licenses and permits, $1.3 million in fines and forfeitures, and $1.3 million for fees for services. Additional unfavorable variances to budget were $0.1 million for taxes, and $0.1 million for investment revenue.

The City of Denton's General Fund unassigned fund balance at September 30, 2020 is $33.8 million, or 24.7% of budgeted expenditures. Below is a listing of the ending unassigned balances for the prior year, as well as the fiscal year 2020 unassigned fund balance.

	Actual 9/30/2020	Actual 9/30/2019
Unassigned balance	$33,777,027	$30,578,238
% of final budgeted expenditures	24.7%	23.7%
Policy level	20% plus up to a 5% resiliency reserve	20% plus up to a 5% resiliency reserve

The largest revenue source of the General Fund's budget was the ad valorem tax. Denton's ad valorem tax rate is comprised of two components. The first is the operations and maintenance component that is used to calculate revenue for the City's General Fund operations. The second component is the debt portion that is used to calculate revenue to pay the City's general debt service obligations. The Denton Central Appraisal District's certified appraisal roll shows an increase of 11.52% compared to the prior year certified value, which showed an increase of 9.53%. The current property tax year included $386.1 million of new growth and construction that was added to the tax rolls in Tax year 2019 as compared to Tax year 2018. The fiscal year 2020 ad valorem tax rate decreased to $0.590450 as compared to the prior years' rate of $0.620477 per $100 of valuation.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital assets. At the end of fiscal year 2020, the City had $1,773,144,941 invested in a broad range of capital assets, including police and fire equipment, buildings, park facilities, roads, bridges, electrical infrastructure, and water and sewer lines (see Table 3 below). This amount represents a net increase (including additions and deductions) of $136,173,530 or 8.3% over the prior fiscal year.

Table 3
Capital Assets at Year-end
(Net of Accumulated Depreciation, in Thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	$ 26,974	$ 22,244	$ 68,353	$ 61,462	$ 95,327	$ 83,706
Landfill improvements	-	-	2,999	4,231	2,999	4,231
Building and improvements	57,494	49,490	29,633	30,401	87,127	79,891
Plant, machinery and equipment	46,335	45,318	600,048	539,361	646,383	584,679
Water rights	-	-	48,045	48,743	48,045	48,743
Infrastructure	122,535	122,713	406,558	395,167	529,093	517,880
Construction in progress	196,305	132,648	167,866	185,194	364,171	317,842
Total capital assets	$ 449,643	$ 372,413	$ 1,323,502	$ 1,264,559	$ 1,773,145	$ 1,636,972

This year's major asset additions included:

Description	Amount
Jim Christal Substation	$ 22,437,876
Locust Substation Reconstruction	16,791,180
Masch Branch Substation	7,504,466
Vela Soccer Complex	6,649,361
Denton North-Arco Transmission Line Rebuild	6,271,562
Woodrow to Locust Transmission Line	5,555,700
Spencer Interchange Substation Reconstruction	4,795,723
Rayzor Ranch East Infrastructure	4,769,872
Loop 288 Property	5,415,539
Creekside Subdivision Infrastructure	2,894,209
Beall Way Subdivision Infrastructure	2,487,050
East Lake Park Land Acquisition	2,383,414
Country Lakes North Subdivision Infrastructure	2,334,381
Fireside Subdivision Infrastructure	2,081,287
Sherman Crossing Subdivision Infrastructure	2,038,881
Total	$ 94,410,501

Additional information on the City's capital assets can be found in note IV. D. on pages 51 - 53 of this report.

Debt. At year-end, the City had $975.6 million in bonds and notes outstanding as compared to $967.5 million at the end of the prior fiscal year, an increase of 0.83%, as shown in Table 4.

Table 4
Outstanding Debt at Year-end
(in thousands)

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
General obligation bonds	$ 150,188	$ 135,508	$ 121,872	$ 118,682	$ 272,060	$ 254,190
Certificates of obligation	99,295	83,560	396,900	414,890	496,195	498,450
Revenue bonds	-	-	207,310	214,890	207,310	214,890
Total	$ 249,483	$ 219,068	$ 726,082	$ 748,462	$ 975,565	$ 967,530

These amounts do not include net unamortized premiums/ (discounts) of $74,119,565 or net deferred gain/ (loss) on refunding of ($1,671,671).

During the current fiscal year, the City issued debt two times, both in August 2020. The first debt issuance included $58.1 million in certificates of obligation, of which $34.1 million was for enterprise operations and $24.0 million is for governmental activities. Proceeds from this issuance were used to pay for various capital improvements. The second debt issuance included $62.1 million in general obligation refunding and improvement bonds, of which $34.4 million was for enterprise operations and $27.7 million was for governmental activities. In addition to providing funding for capital improvements, proceeds from the issuance refunded $32.8 million in certificates of obligation of which $32.4 million were for enterprise operations and

$0.4 million were for governmental activities. It also refunded $9.9 million in general obligation bonds of which $7.4 million were for enterprise operations and $2.5 million were for governmental activities. Normal pay down in debt was $34.3 million in general obligation bonds, $27.5 million in certificates of obligation, and $7.6 million in revenue bonds.

Moody's Investor's Service, Inc. has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "Aa1." Moody's did not rate the City's Utility System Revenue Bonds. Standard and Poor's Corporation has given both the City's General Obligation Bonds and Certificates of Obligation an "AA+" rating. Standard and Poor's Corporation has given the City's Utility System Revenue Bonds a rating of "AA-". Fitch has given the City's General Obligation Bonds and the Certificates of Obligation a rating of "AA+." Fitch has given the City's Utility System Revenue Bonds a rating of "A+". The City is permitted by Article XI, Section 5 of the State of Texas Constitution to levy taxes up to $2.50 per $100 of assessed valuation for general governmental services including the payment of principal and interest on general obligation long-term debt. The current ratio of tax-supported debt to certified assessed value of all taxable property is 2.23%.

Other long-term liabilities. The City maintains a self-insurance program for general liability, auto liability, public officials' liability, errors and omission liability, police professional liability, and workers' compensation. Private insurance companies cover claims for property loss over $50,000 per occurrence, except for specific perils, these deductibles vary depending on location and property values, for workers' compensation losses over $600,000 per occurrence, and for liability over $500,000 per occurrence. The Risk Retention Fund has a reserve for claims and judgments of $3.2 million outstanding at year-end. This reserve was slightly increased ($0.4 million) from the end of the prior fiscal year. Other obligations include pension liabilities, accrued vacation pay and sick leave. More detailed information about the City's long-term liabilities is presented in Note IV. F., on pages 56 - 60 of this report.

The City's Electric Fund has a reserve for claims and judgements of $4.0 million outstanding at year-end. More detailed information on this long-term liability can be found in note V.G. on page 85 of this report.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

While growth for the Denton community is expected to be moderate in the short term, demands for city services are expected to remain strong over the long term. As a result, the fiscal year 2021 Budget includes an ad valorem tax rate of $0.590454/$100 valuation which is unchanged from the prior year. While sales tax collections increased $1.0 million compared to the prior year (2.6%), the fiscal year 2021 Budget projects a decrease of 7.4% from actual fiscal year 2020 sales tax revenue. Budgeted funding enhancements for fiscal year 2021 include $1.8 million for public safety. Limited supplements were approved due to the uncertain economic conditions caused by COVID-19.

The fiscal year 2021 budget includes a rate decrease for water and solid waste customers, and no rate changes for electric or wastewater customers.

REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Denton Finance Department, 215 E. McKinney, Denton, Texas 76201.

CITY OF DENTON, TEXAS **Exhibit I**
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 84,872,363	$ 189,894,380	$ 274,766,743
Receivables, net of allowances:			
Taxes	8,834,594	-	8,834,594
Accounts	-	19,009,331	19,009,331
Unbilled utility service	-	15,581,554	15,581,554
Interest	208,988	468,850	677,838
Other	2,711,599	9,084,087	11,795,686
Internal balances	(14,983,682)	14,983,682	-
Due from other governments	4,711,801	-	4,711,801
Inventory	8,542,382	-	8,542,382
Prepaid items	22,908	8,868,651	8,891,559
Other Assets	-	25,682,691	25,682,691
Total current assets	94,920,953	283,573,226	378,494,179
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	190,917,584	144,243,352	335,160,936
Escrow deposits	206,000	-	206,000
Accrued interest	467,511	356,138	823,649
Other receivables	103,695	-	103,695
Capital assets not being depreciated:			
Land	26,974,102	68,352,684	95,326,786
Construction in progress	196,305,164	167,865,829	364,170,993
Capital assets, net of accumulated depreciation:			
Buildings	57,494,441	29,632,632	87,127,073
Plant, machinery and equipment	46,334,492	600,048,204	646,382,696
Infrastructure	122,534,540	406,558,576	529,093,116
Landfill improvements	-	2,999,448	2,999,448
Water rights	-	48,044,829	48,044,829
Total noncurrent assets	641,337,529	1,468,101,692	2,109,439,221
Total assets	736,258,482	1,751,674,918	2,487,933,400
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred loss on refundings	872,528	2,080,208	2,952,736
Deferred pension balances	21,471,013	6,329,199	27,800,212
Deferred other post-employment benefit balances	3,134,730	1,561,397	4,696,127
Total deferred outflows of resources	25,478,271	9,970,804	35,449,075
LIABILITIES:			
Current liabilities:			
Accounts payable	11,672,002	10,794,640	22,466,642
Retainage payable	66,787	1,186,738	1,253,525
Deposits	138,750	3,995,209	4,133,959
Accrued interest	6,490	-	6,490
Other liabilities	254,348	-	254,348
Unearned revenue	59,070,145	-	59,070,145
Payable from restricted assets:			
Accounts payable	9,363,750	4,228,004	13,591,754
Retainage payable	3,251,108	1,035,429	4,286,537
Accrued interest	1,075,512	5,896,986	6,972,498
Total current liabilities	84,898,892	27,137,006	112,035,898
Noncurrent liabilities:			
Noncurrent liabilities due within one year	31,656,643	61,468,588	93,125,231
Noncurrent liabilities due in more than one year	345,409,030	803,519,519	1,148,928,549
Total noncurrent liabilities	377,065,673	864,988,107	1,242,053,780
Total liabilities	461,964,565	892,125,113	1,354,089,678
DEFERRED INFLOWS OF RESOURCES:			
Deferred charges on refundings	-	1,258,603	1,258,603
Deferred pension balances	15,812,163	4,892,945	20,705,108
Deferred other post-employment benefit balances	2,163,656	1,035,827	3,199,483
Total deferred inflows of resources	17,975,819	7,187,375	25,163,194
NET POSITION:			
Net investment in capital assets	288,548,831	661,996,500	950,545,331
Restricted for:			
Debt service	4,515,678	10,403,343	14,919,021
Parks and recreation	8,170,992	-	8,170,992
Capital acquisition	11,583,011	27,621,182	39,204,193
Other grants and purposes	5,704,555	-	5,704,555
Unrestricted	(36,726,698)	162,312,209	125,585,511
Total net position	$ 281,796,369	$ 862,333,234	$ 1,144,129,603

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2020

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary government:				
Governmental activities:				
General government	**$ 37,921,928**	**$ 8,007,187**	**$ 2,685,724**	**$ 1,805,000**
Public safety	**82,119,480**	**5,234,958**	**5,582,228**	**287,482**
Public works	**26,049,847**	**1,177,961**	**-**	**32,420,301**
Parks and recreation	**15,759,371**	**3,022,162**	**723,368**	**399,096**
Interest expense	**6,757,736**	**-**	**-**	**-**
Total governmental activities	**168,608,362**	**17,442,268**	**8,991,320**	**34,911,879**
Business-type activities:				
Electric system	**195,306,979**	**217,111,983**	**-**	**-**
Water system	**32,013,603**	**47,125,123**	**-**	**4,643,405**
Wastewater system	**31,018,019**	**36,146,835**	**-**	**11,730,661**
Solid waste	**32,370,675**	**36,142,207**	**-**	**-**
Airport	**1,706,646**	**1,286,479**	**-**	**-**
Total business-type activities	**292,415,922**	**337,812,627**	**-**	**16,374,066**
Total primary government	**$ 461,024,284**	**$ 355,254,895**	**$ 8,991,320**	**$ 51,285,945**

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit II**
STATEMENT OF ACTIVITIES (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Net (Expense) Revenue and Changes in Net Position		
	Primary Government		
Functions/Programs	**Governmental Activities**	**Business-type Activities**	**Total**
Primary government:			
Governmental activities:			
General government	**$ (25,424,017)**	**$ -**	**$ (25,424,017)**
Public safety	**(71,014,812)**	**-**	**(71,014,812)**
Public works	**7,548,415**	**-**	**7,548,415**
Parks and recreation	**(11,614,745)**	**-**	**(11,614,745)**
Interest expense	**(6,757,736)**	**-**	**(6,757,736)**
Total governmental activities	**(107,262,895)**	**-**	**(107,262,895)**
Business-type activities:			
Electric system	**-**	**21,805,004**	**21,805,004**
Water system	**-**	**19,754,925**	**19,754,925**
Wastewater system	**-**	**16,859,477**	**16,859,477**
Solid waste	**-**	**3,771,532**	**3,771,532**
Airport	**-**	**(420,167)**	**(420,167)**
Total business-type activities	**-**	**61,770,771**	**61,770,771**
Total primary government	**(107,262,895)**	**61,770,771**	**(45,492,124)**
General revenues:			
Taxes:			
Property tax	**75,431,860**	**-**	**75,431,860**
Sales tax	**39,337,834**	**-**	**39,337,834**
Franchise fees	**29,503,569**	**-**	**29,503,569**
Hotel occupancy tax	**2,142,483**	**-**	**2,142,483**
Beverage tax	**440,766**	**-**	**440,766**
Bingo tax	**13,527**	**-**	**13,527**
Investment income	**2,999,094**	**6,099,964**	**9,099,058**
Gain on sale of capital assets	**103,796**	**232,484**	**336,280**
Miscellaneous	**4,008,679**	**-**	**4,008,679**
Transfers	**1,296,624**	**(1,296,624)**	**-**
Total general revenues and transfers	**155,278,232**	**5,035,824**	**160,314,056**
Change in net position	**48,015,337**	**66,806,595**	**114,821,932**
Net position at beginning of year	**233,781,032**	**795,526,639**	**1,029,307,671**
Net position at end of year	**$ 281,796,369**	**$ 862,333,234**	**$ 1,144,129,603**

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit III**
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:					
Cash, cash equivalents and investments, at fair value	$ 28,899,184	$ 5,277,911	$ 193,557,088	$ 30,001,663	$ 257,735,846
Receivables, net of allowances for uncollectibles:					
Taxes	8,354,487	312,476	-	167,631	8,834,594
Accrued interest	74,678	13,048	477,894	69,146	634,766
Other	2,033,498	-	10,868	100,835	2,145,201
Interfund receivables	1,046,139	-	-	-	1,046,139
Prepaid Items	5,184	-	-	-	5,184
Due from other governments	1,806,744	-	594,266	2,310,791	4,711,801
Total assets	$ 42,219,914	$ 5,603,435	$ 194,640,116	$ 32,650,066	$ 275,113,531
LIABILITIES:					
Accounts payable	5,437,454	5,755	9,270,070	1,066,693	15,779,972
Retainage payable	-	-	3,317,895	-	3,317,895
Interfund payables	-	-	-	496,698	496,698
Other liabilities	254,348	-	-	-	254,348
Unearned revenues	-	-	56,227,703	2,842,442	59,070,145
Total liabilities	5,691,802	5,755	68,815,668	4,405,833	78,919,058
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - property taxes	550,798	272,618	-	-	823,416
Unavailable revenue - general services	1,464,010	-	-	-	1,464,010
Unavailable revenue - intergovernmental	731,093	-	594,266	1,042,171	2,367,530
Total deferred inflows of resources	2,745,901	272,618	594,266	1,042,171	4,654,956
FUND BALANCES:					
Nonspendable	5,184	-	-	-	5,184
Restricted for:					
Debt service	-	5,325,062	-	-	5,325,062
Parks and recreation	-	-	9,697,312	7,888,967	17,586,279
Streets and drainage projects	-	-	68,572,276	6,464,819	75,037,095
Other capital projects	-	-	30,142,806	-	30,142,806
Other grants and purposes	-	-	-	5,704,555	5,704,555
Committed to:					
Streets	-	-	4,836,914	4,503,638	9,340,552
Parks and recreation	-	-	161,672	393,957	555,629
Other purposes	-	-	128,295	3,233,556	3,361,851
Assigned to:					
Streets and drainage projects	-	-	4,231,795	-	4,231,795
Capital projects	-	-	7,459,112	-	7,459,112
Other purposes		-	-	181	181
Unassigned	33,777,027	-	-	(987,611)	32,789,416
Total fund balances	33,782,211	5,325,062	125,230,182	27,202,062	191,539,517
Total liabilities, deferred inflows of resources and fund balances	$ 42,219,914	$ 5,603,435	$ 194,640,116	$ 32,650,066	$ 275,113,531

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IV**
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2020

Total fund balances - governmental funds (Exhibit III)			**$ 191,539,517**
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Includes capital assets of internal service funds.			**449,642,739**
Certain receivables will be collected next year but are not available soon enough to pay for the current period's expenditures and therefore are reported as deferred inflows of resources in the funds.			**4,654,956**
Deferred outflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred loss on refundings	**$**	**872,528**	
Deferred pension balances		**21,471,013**	
Deferred other post-employment benefits contributions		**3,134,730**	**25,478,271**
An internal charge to business-type activities is not recorded at the fund level.			**(7,333,123)**
Several internal service funds are used by the City's management to charge the costs of certain activities, such as insurance and fleet management, to individual funds. The assets, liabilities, deferred outflows, and deferred inflows of the internal service funds are included with governmental activities. Internal service fund balances not included in other reconciling items listed above or below:			
Current and other assets	**$**	**27,532,033**	
Liabilities		**(18,688,323)**	**8,843,710**
Long-term balances, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Includes balances of internal service funds. Long-term liabilities and related balances at year-end consist of:			
General obligation bonds payable	**$**	**(150,187,533)**	
Certificates of obligation payable		**(99,295,000)**	
Bond (premiums)/discounts		**(17,024,883)**	
Accrued interest on the bonds		**(1,082,002)**	
Net Pension Liability		**(60,222,801)**	
Total other post-employment benefits liability		**(31,157,293)**	
Compensated absences		**(14,084,370)**	**(373,053,882)**
Deferred inflows of resources are not reported in the governmental funds. Includes deferred outflows of internal service funds:			
Deferred pension balances and Deferred other post-employment benefits contributions			**(17,975,819)**
Total net position of governmental activities (Exhibit I)			**$ 281,796,369**

The notes to the basic financial statements are an integral part of this exhibit.

CITY OF DENTON, TEXAS **Exhibit V**
STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:					
Taxes	$ 88,273,338	$ 25,663,300	$ -	$ 3,411,473	$ 117,348,111
Licenses and permits	5,225,128	-	-	-	5,225,128
Franchise fees	16,196,987	-	-	13,306,582	29,503,569
Fines and forfeitures	2,279,771	-	-	341,231	2,621,002
Fees for services	6,803,459	-	-	3,524,802	10,328,261
Investment revenue	793,413	376,947	1,411,866	416,868	2,999,094
Intergovernmental	5,075,506	-	23,373,241	3,458,743	31,907,490
Miscellaneous	313,541	-	130,686	3,605,192	4,049,419
Total revenues	124,961,143	26,040,247	24,915,793	28,064,891	203,982,074
EXPENDITURES:					
Current:					
General government	26,969,064	-	43,845	6,229,577	33,242,486
Public safety	75,985,961	-	654	1,422,182	77,408,797
Public works	3,021,395	-	97,210	10,899,449	14,018,054
Parks and recreation	8,872,556	-	21,217	4,224,559	13,118,332
Capital outlay	442,932	-	83,816,041	2,133,384	86,392,357
Debt service:					
Principal retirement	-	17,929,324	-	-	17,929,324
Bond issuance costs	-	8,780	172,090	-	180,870
Interest and other charges	-	8,368,163	-	-	8,368,163
Total expenditures	115,291,908	26,306,267	84,151,057	24,909,151	250,658,383
Excess (deficiency) of revenues over (under) expenditures	9,669,235	(266,020)	(59,235,264)	3,155,740	(46,676,309)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	2,490,000	-	-	2,490,000
Payment to refunded bond escrow agent	-	(2,973,354)	-	-	(2,973,354)
Issuance of long-term debt	-	-	49,205,000	-	49,205,000
Premium on debt issuance	-	493,131	5,756,936	-	6,250,067
Sale of capital assets	112,824	-	-	35,762	148,586
Transfers in	-	128,125	8,586,315	5,153,868	13,868,308
Transfers out	(6,738,692)	-	(8,302)	(5,569,997)	(12,316,991)
Total other financing sources (uses)	(6,625,868)	137,902	63,539,949	(380,367)	56,671,616
Net change in fund balances	3,043,367	(128,118)	4,304,685	2,775,373	9,995,307
Fund balance at beginning of year	30,738,844	5,453,180	120,925,497	24,426,689	181,544,210
Fund balances at end of year	$ 33,782,211	$ 5,325,062	$ 125,230,182	$ 27,202,062	$ 191,539,517

The notes to the basic financial statements are an integral part of this statement.

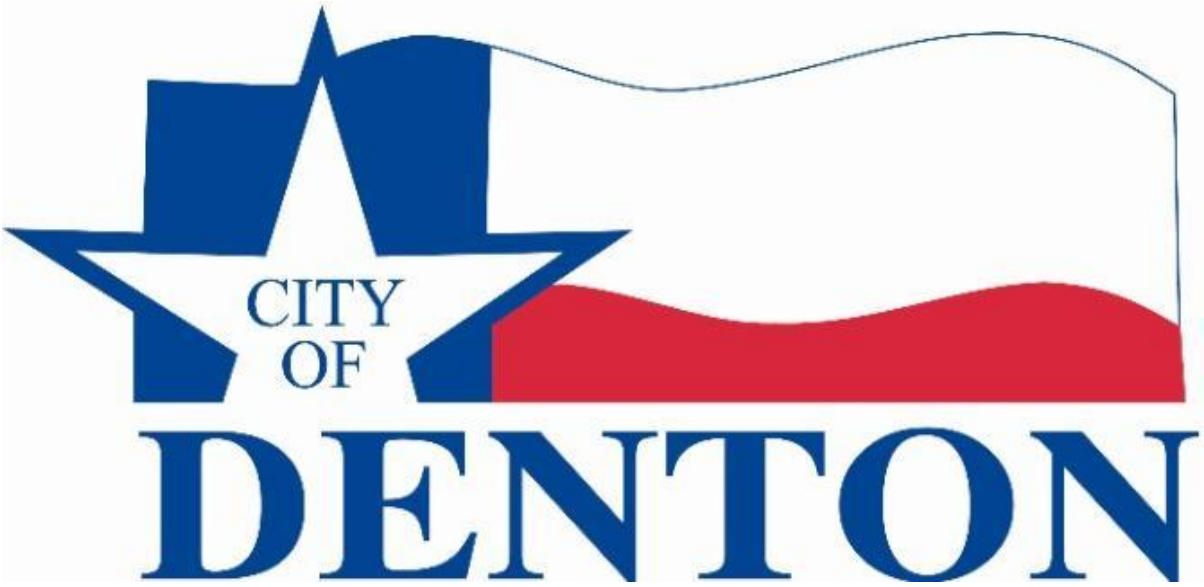
CITY OF DENTON, TEXAS **Exhibit VI**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Net change in fund balances - total governmental funds (Exhibit V)	**$**	**9,995,307**
Amounts reported for governmental activities in the statement of activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This amount represents the difference between capital outlay of $86,392,357 and depreciation of $19,675,750 (which is the net of overall governmental activities depreciation of $22,660,657 less internal service fund depreciation of $2,984,907).		**66,716,607**
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. Such amounts are recorded in the funds when considered available.		**260,258**
The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to increase net position.		**8,244,338**
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments.		**(30,800,676)**
Fund-level financials report costs related to bonds as expenditures; however, these are deferred and amortized on the government-wide financials.		**(4,635,739)**
Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		**(487,971)**
Internal service funds are used by management to charge the costs of certain activities, such as insurance and technology services, to individual funds. A portion of the net revenue (expense) of certain internal service funds is reported with governmental activities. The amount reported with business-type activities is $1,892,207.		**(1,276,787)**
Change in net position of governmental activities (Exhibit II)	**$**	**48,015,337**

The notes to the basic financial statements are an integral part of this statement.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CITY OF DENTON, TEXAS **Exhibit VII**
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 88,413,209	$ 88,413,209	$ 88,273,338	$ -	$ 88,273,338	$ (139,871)
Licenses and permits	6,626,452	6,626,452	5,225,128	-	5,225,128	(1,401,324)
Franchise fees	13,577,480	13,577,480	16,196,987	-	16,196,987	2,619,507
Fines and forfeitures	3,576,618	3,576,618	2,279,771	-	2,279,771	(1,296,847)
Fees for services	8,116,063	8,116,063	6,803,459	40,848	6,844,307	(1,271,756)
Investment revenue	903,714	903,714	793,413	-	793,413	(110,301)
Intergovernmental	2,111,181	2,111,181	5,075,506	-	5,075,506	2,964,325
Miscellaneous	349,104	349,104	313,541	-	313,541	(35,563)
Total revenues	123,673,821	123,673,821	124,961,143	40,848	125,001,991	1,328,170
EXPENDITURES:						
Current:						
General government	33,364,201	31,624,827	26,969,064	5,426,716	32,395,780	(770,953)
Public safety	70,980,275	70,857,276	75,985,961	(4,261,068)	71,724,893	(867,617)
Public works	3,025,269	3,025,269	3,021,395	(136,076)	2,885,319	139,950
Parks and recreation	11,079,446	10,877,451	8,872,556	(380,052)	8,492,504	2,384,947
Capital outlay	596,117	556,367	442,932	-	442,932	113,435
Total expenditures	119,045,308	116,941,190	115,291,908	649,520	115,941,428	999,762
Excess (deficiency) of revenues over (under) expenditures	4,628,513	6,732,631	9,669,235	(608,672)	9,060,563	2,327,932
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	-	-	112,824	-	112,824	112,824
Transfer in	12,662,121	12,662,121	-	12,148,006	12,148,006	(514,115)
Transfers out	(17,451,240)	(19,555,359)	(6,738,692)	(11,539,334)	(18,278,026)	1,277,333
Total other financing sources (uses)	(4,789,119)	(6,893,238)	(6,625,868)	608,672	(6,017,196)	876,042
Excess (deficiency) of revenues and other sources over (under) expenditures and other uses	(160,606)	(160,607)	3,043,367	-	3,043,367	3,203,974
Fund balances at beginning of year	30,738,844	30,738,844	30,738,844	-	30,738,844	-
Fund balance at end of year	$ 30,578,238	$ 30,578,237	$ 33,782,211	$ -	$ 33,782,211	$ 3,203,974

Adjustments - Budgetary Basis are expenditures allocated to and reimbursed by other funds. These expenditures are recorded in the other funds' financials.

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
ASSETS:			
Current assets:			
Cash, cash equivalents and investments, at fair value	$ 82,752,102	$ 50,423,349	$ 40,420,448
Receivables, net of allowances:			
Accounts	13,688,555	2,414,621	1,435,505
Unbilled utility service	9,370,612	2,435,686	1,676,232
Accrued interest	204,316	124,496	99,798
Other	9,011,009	-	-
Interfund receivables	6,445,630	990,727	214,202
Merchandise inventory	-	-	-
Prepaid items	8,868,651	-	-
Other Assets	25,682,691	-	-
Total current assets	156,023,566	56,388,879	43,846,185
Noncurrent assets:			
Restricted assets:			
Cash, cash equivalents and investments, at fair value	58,687,820	28,792,951	33,487,688
Escrow deposit	-	-	-
Accrued interest	144,901	71,090	82,681
Total restricted assets	58,832,721	28,864,041	33,570,369
Capital assets, net of accumulated depreciation	696,932,620	303,625,689	253,235,304
Total noncurrent assets	755,765,341	332,489,730	286,805,673
Total assets	911,788,907	388,878,609	330,651,858
DEFERRED OUTFLOWS OF RESOURCES:			
Deferred charges on refunding	699,233	1,270,912	40,357
Deferred pension balances	2,798,967	1,122,362	1,114,560
Deferred other post employment benefit balances	564,482	300,788	326,441
Total deferred outflows of resources	4,062,682	2,694,062	1,481,358
LIABILITIES:			
Current liabilities:			
Accounts payable	3,936,451	3,871,899	2,040,923
Retainage payable	-	763,618	423,120
Claims payable	-	-	-
Compensated absences payable	1,125,123	380,276	342,948
Deposits	3,243,340	406,001	103,009
Accrued interest	-	-	-
Interfund payables	-	-	-
Asset retirement obligation	3,349,147	-	-
Payable from restricted assets:			
Accounts payable	2,359,406	1,020,277	607,250
Retainage payable	405,340	522,231	63,378
Accrued interest	5,214,446	308,827	199,087
Certificate, general obligation, and revenue bonds	34,778,464	9,591,673	5,326,225
Total current liabilities paid from restricted assets	42,757,656	11,443,008	6,195,940
Total current liabilities	54,411,717	16,864,802	9,105,940

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 12,545,525	$ 3,752,956	$ 189,894,380	$ 17,722,024
Receivables, net of allowances:				
Accounts	1,433,692	36,958	19,009,331	-
Unbilled utility service	2,099,024	-	15,581,554	-
Accrued interest	30,974	9,266	468,850	40,913
Other	-	73,078	9,084,087	670,093
Interfund receivables	-	-	7,650,559	-
Merchandise inventory	-	-	-	8,542,382
Prepaid items	-	-	8,868,651	17,724
Other Assets	-	-	25,682,691	-
Total current assets	16,109,215	3,872,258	276,240,103	26,993,136
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	21,492,979	1,781,914	144,243,352	332,077
Escrow deposit	-	-	-	206,000
Accrued interest	53,066	4,400	356,138	820
Total restricted assets	21,546,045	1,786,314	144,599,490	538,897
Capital assets, net of accumulated depreciation	53,064,828	16,643,761	1,323,502,202	17,397,736
Total noncurrent assets	74,610,873	18,430,075	1,468,101,692	17,936,633
Total assets	90,720,088	22,302,333	1,744,341,795	44,929,769
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	69,706	-	2,080,208	5,542
Deferred pension balances	1,242,448	50,862	6,329,199	2,993,097
Deferred other post employment benefit balances	354,233	15,453	1,561,397	646,170
Total deferred outflows of resources	1,666,387	66,315	9,970,804	3,644,809
LIABILITIES:				
Current liabilities:				
Accounts payable	930,296	15,071	10,794,640	5,255,780
Retainage payable	-	-	1,186,738	-
Claims payable	-	-	-	2,361,615
Compensated absences payable	434,536	16,682	2,299,565	977,045
Deposits	223,850	19,009	3,995,209	138,750
Accrued interest	-	-	-	6,490
Interfund payables	-	-	-	8,200,000
Asset retirement obligation	-	-	3,349,147	-
Payable from restricted assets:				
Accounts payable	241,071	-	4,228,004	-
Retainage payable	-	44,480	1,035,429	-
Accrued interest	174,626	-	5,896,986	-
Certificate, general obligation, and revenue bonds	6,123,514	-	55,819,876	418,712
Total current liabilities paid from restricted assets	6,539,211	44,480	66,980,295	418,712
Total current liabilities	8,127,893	95,242	88,605,594	17,358,392

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
Noncurrent liabilities:			
General obligation bonds payable	$ 59,890,821	$ 38,206,859	$ 5,529,055
Certificates of obligation	312,794,971	22,047,467	40,310,242
Revenue bonds payable	220,322,363	-	-
Asset retirement obligation	17,817,977	-	-
Compensated absences payable	239,627	43,336	49,923
Claims and judgement payable	4,000,000	-	-
Net pension liability	12,442,404	4,123,638	4,541,716
Total other post-employment benefits liability	5,549,140	3,036,157	3,313,111
Landfill closure/postclosure costs	-	-	-
Total noncurrent liabilities	633,057,303	67,457,457	53,744,047
Total liabilities	687,469,020	84,322,259	62,849,987
DEFERRED INFLOWS OF RESOURCES:			
Deferred charges on refundings	859,607	248,185	107,019
Deferred pension balances	2,061,533	889,099	896,950
Deferred other post employment benefit balances	374,133	200,131	213,252
Total deferred inflows of resources	3,295,273	1,337,415	1,217,221
NET POSITION:			
Net investment in capital assets	145,171,214	245,018,226	226,173,718
Restricted for debt service	10,403,343	-	-
Restricted for capital acquisition	-	17,105,725	8,729,143
Unrestricted	69,512,739	43,789,046	33,163,147
Total net position	$ 225,087,296	$ 305,912,997	$ 268,066,008

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit VIII**
STATEMENT OF NET POSITION (concluded)
PROPRIETARY FUNDS
AS OF SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	
Noncurrent liabilities:				
General obligation bonds payable	$ 3,865,146	$ -	$ 107,491,881	$ 126,414
Certificates of obligation	24,390,349	-	399,543,029	1,011,507
Revenue bonds payable	-	-	220,322,363	-
Asset retirement obligation	-	-	17,817,977	-
Compensated absences payable	113,088	1,130	447,104	129,389
Claims and judgement payable	-	-	4,000,000	2,732,178
Net pension liability	5,565,163	364,559	27,037,480	9,416,957
Total other post-employment benefits liability	3,399,784	188,055	15,486,247	6,122,633
Landfill closure/postclosure costs	11,373,438	-	11,373,438	-
Total noncurrent liabilities	48,706,968	553,744	803,519,519	19,539,078
Total liabilities	56,834,861	648,986	892,125,113	36,897,470
DEFERRED INFLOWS OF RESOURCES:				
Deferred charges on refundings	43,792	-	1,258,603	-
Deferred pension balances	1,016,516	28,847	4,892,945	2,317,878
Deferred other post employment benefit balances	237,270	11,041	1,035,827	449,139
Total deferred inflows of resources	1,297,578	39,888	7,187,375	2,767,017
NET POSITION:				
Net investment in capital assets	28,989,581	16,643,761	661,996,500	15,846,645
Restricted for debt service	-	-	10,403,343	-
Restricted for capital acquisition	-	1,786,314	27,621,182	332,897
Unrestricted	5,264,455	3,249,699	154,979,086	(7,269,451)
Total net position	$ 34,254,036	$ 21,679,774	$ 855,000,111	$ 8,910,091
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.			7,333,123	
Net position of business-type activities (Exhibit I)			$ 862,333,234	

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
OPERATING REVENUES:			
Utility services	$ 206,830,429	$ 38,066,879	$ 28,934,706
Charges for goods and services	-	-	-
Other fees	10,281,554	959,874	1,607,537
Miscellaneous	-	-	-
Total operating revenues	217,111,983	39,026,753	30,542,243
OPERATING EXPENSES:			
Operating expenses before depreciation	146,781,790	21,890,955	21,314,590
Depreciation	24,806,258	8,821,328	8,881,914
Total operating expenses	171,588,048	30,712,283	30,196,504
Operating income (loss)	45,523,935	8,314,470	345,739
NON-OPERATING REVENUES (EXPENSES):			
Investment revenue	2,466,272	1,630,975	1,241,280
Interest expense and fiscal charges	(18,424,907)	(1,063,993)	(670,303)
Impact fee revenue	-	8,098,370	5,604,592
Gain (loss) on disposal of capital assets	(445,367)	113,867	118,617
Gas well revenues	-	-	-
Other non-operating revenues (expenses)	(4,000,000)	65,312	169,490
Total non-operating revenues (expenses)	(20,404,002)	8,844,531	6,463,676
Income (loss) before contributions and transfers	25,119,933	17,159,001	6,809,415
CONTRIBUTIONS AND TRANSFERS:			
Capital contributions	-	4,643,405	11,730,661
Transfers in	-	-	235,000
Transfers out	(772,846)	(228,540)	(231,196)
Total contributions and transfers	(772,846)	4,414,865	11,734,465
Change in net position	24,347,087	21,573,866	18,543,880
Net position at beginning of year	200,740,209	284,339,131	249,522,128
Total net position at end of year	$ 225,087,296	$ 305,912,997	$ 268,066,008

(continued on the following page)

The notes to the basic financial statements are an integral part of this statement.

CITY OF DENTON, TEXAS **Exhibit IX**
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities -
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES:				
Utility services	$ 35,902,131	$ -	$ 309,734,145	$ -
Charges for goods and services	-	1,079,379	1,079,379	88,148,251
Other fees	240,076	-	13,089,041	-
Miscellaneous	-	14,924	14,924	1,076,930
Total operating revenues	36,142,207	1,094,303	323,917,489	89,225,181
OPERATING EXPENSES:				
Operating expenses before depreciation	23,508,479	1,099,526	214,595,340	89,651,256
Depreciation	6,457,531	607,472	49,574,503	2,984,907
Total operating expenses	29,966,010	1,706,998	264,169,843	92,636,163
Operating income (loss)	6,176,197	(612,695)	59,747,646	(3,410,982)
NON-OPERATING REVENUES (EXPENSES):				
Investment revenue	605,153	156,284	6,099,964	326,017
Interest expense and fiscal charges	(971,880)	-	(21,131,083)	(34,454)
Impact fee revenue	-	-	13,702,962	-
Gain (loss) on disposal of capital assets	(1,026,930)	-	(1,239,813)	6,824
Gas well revenues	-	192,176	192,176	-
Other non-operating revenues (expenses)	1,044	13,662	(3,750,492)	(1,353,489)
Total non-operating revenues (expenses)	(1,392,613)	362,122	(6,126,286)	(1,055,102)
Income (loss) before contributions and transfers	4,783,584	(250,573)	53,621,360	(4,466,084)
CONTRIBUTIONS AND TRANSFERS:				
Capital contributions	-	-	16,374,066	1,551,783
Transfers in	-	1,958	236,958	360,160
Transfers out	(251,000)	(50,000)	(1,533,582)	(614,853)
Total contributions and transfers	(251,000)	(48,042)	15,077,442	1,297,090
Change in net position	4,532,584	(298,615)	68,698,802	(3,168,994)
Net position at beginning of year	29,721,452	21,978,389	786,301,309	12,079,085
Total net position at end of year	$ 34,254,036	$ 21,679,774	$ 855,000,111	$ 8,910,091

Change in fund net position of proprietary funds	68,698,802
Adjustment to reflect inclusion of internal service fund activities related to enterprise funds.	(1,892,207)
Change in net position of business-type activities (Exhibit II)	$ 66,806,595

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit X**
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds		
	Utility System		
	Electric Fund	Water Fund	Wastewater Fund
CASH FLOWS FROM OPERATING ACTIVITIES:			
Cash received from customers	$ 216,332,663	$ 40,206,783	$ 30,749,549
Cash paid to employees for services	(19,657,727)	(8,110,685)	(8,575,269)
Cash paid to suppliers	(123,471,954)	(9,761,438)	(11,056,471)
Net cash provided (used) by operating activities	73,202,982	22,334,660	11,117,809
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:			
Transfers out	(772,846)	(228,540)	(231,196)
Transfers in	-	-	-
Principal payments on non-capital debt	(6,190,000)	-	-
Interest and fiscal charges on non-capital debt	(1,513,519)	-	-
Net cash provided (used) by noncapital financing activities:	(8,476,365)	(228,540)	(231,196)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:			
Proceeds from issuance of debt	47,732,351	12,131,105	15,198,473
Principal payments on capital debt	(43,465,000)	(21,865,000)	(10,675,000)
Interest and fiscal charges	(22,315,024)	(2,059,665)	(1,147,367)
Proceeds from gas wells	-	-	-
Proceeds from impact fees	-	8,098,370	5,604,592
Proceeds from sale or reimbursement of capital assets	83,905	132,750	513,746
Acquisition and construction of capital assets	(34,845,660)	(35,187,703)	(15,334,321)
Net cash provided (used) by capital financing activities	(52,809,428)	(38,750,143)	(5,839,877)
CASH FLOWS FROM INVESTING ACTIVITIES:			
Proceeds from sale and maturities of investment securities	80,054,627	72,917,340	43,074,630
Purchase of investment securities	(63,089,145)	(44,137,868)	(33,183,302)
Interest received on investments	2,631,304	1,816,491	1,332,472
Net cash provided (used) by investing activities	19,596,786	30,595,963	11,223,800
Net increase in cash and cash equivalents	31,513,975	13,951,940	16,270,536
Cash and cash equivalents at beginning of year	20,393,470	15,119,878	10,853,224
Cash and cash equivalents at end of year	51,907,445	29,071,818	27,123,760
Investments, at fair value (Note IV.A.)	89,532,477	50,144,482	46,784,376
Cash, cash equivalents and investments, at fair value	$ 141,439,922	$ 79,216,300	$ 73,908,136
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:			
Operating income (loss)	$ 45,523,935	$ 8,314,470	$ 345,739
Adjustments:			
Depreciation expense	24,806,258	8,821,328	8,881,914
Decrease (Increase) in receivables	216,451	1,258,577	215,826
Decrease (Increase) in interfund receivables	(944,800)	(78,547)	(8,520)
Decrease in inventories	-	-	-
Decrease in customer deposits	(50,971)	-	-
Increase in prepaid items	(2,073,033)	-	-
Decrease in other assets	8,664,737	-	-
Increase in escrow deposits	-	-	-
Increase (Decrease) in accounts payable	(1,790,236)	3,894,006	1,529,140
Increase (Decrease) in compensated absences payable	18,036	(2,328)	(25,965)
Decrease in net municipal pension balances	66,768	27,196	26,929
Increase in other post-employment benefit balances	262,430	99,958	152,746
Increase in closure/postclosure liability	-	-	-
Decrease in interfund payables	-	-	-
Increase in asset retirement obligations	(1,496,593)	-	-
Total adjustments	27,679,047	14,020,190	10,772,070
Net cash provided (used) by operating activities	$ 73,202,982	$ 22,334,660	$ 11,117,809
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:			
Increase in fair value of investments	433,271	173,962	222,745
Capital asset contributions	-	4,643,405	11,730,661

The notes to the basic financial statements are an integral part of this statement.

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit X**
STATEMENT OF CASH FLOWS (concluded)
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Business-type Activities - Enterprise Funds			Governmental Activities
	Solid Waste Fund	Airport Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 35,963,197	$ 1,114,724	$ 324,366,916	$ 88,810,136
Cash paid to employees for services	(10,270,389)	(438,749)	(47,052,819)	(25,146,374)
Cash paid to suppliers	(12,100,252)	(623,579)	(157,013,694)	(61,906,592)
Net cash provided (used) by operating activities	13,592,556	52,396	120,300,403	1,757,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(16,000)	(50,000)	(1,298,582)	(614,853)
Transfers in	-	1,958	1,958	360,160
Principal payments on non-capital debt	-	-	(6,190,000)	-
Interest and fiscal charges on non-capital debt	-	-	(1,513,519)	-
Net cash provided (used) by noncapital financing activities:	(16,000)	(48,042)	(9,000,143)	(254,693)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Proceeds from issuance of debt	1,795,551	-	76,857,480	-
Principal payments on capital debt	(8,605,784)	-	(84,610,784)	(406,632)
Interest and fiscal charges	(1,587,275)	-	(27,109,331)	(37,142)
Proceeds from gas wells	-	203,432	203,432	-
Proceeds from impact fees	-	-	13,702,962	-
Proceeds from sale or reimbursement of capital assets	-	-	730,401	6,824
Acquisition and construction of capital assets	(7,186,968)	(1,309,823)	(93,864,475)	(3,702,377)
Net cash provided (used) by capital financing activities	(15,584,476)	(1,106,391)	(114,090,315)	(4,139,327)
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	24,536,550	5,110,254	225,693,401	16,802,919
Purchase of investment securities	(16,387,804)	(3,185,313)	(159,983,432)	(10,732,176)
Interest received on investments	664,501	168,831	6,613,599	365,264
Net cash provided (used) by investing activities	8,813,247	2,093,772	72,323,568	6,436,007
Net increase in cash and cash equivalents	6,805,327	991,735	69,533,513	3,799,157
Cash and cash equivalents at beginning of year	5,686,941	1,039,523	53,093,036	3,555,442
Cash and cash equivalents at end of year	12,492,268	2,031,258	122,626,549	7,354,599
Investments, at fair value (Note IV.A.)	21,546,236	3,503,612	211,511,183	10,699,502
Cash, cash equivalents and investments, at fair value	$ 34,038,504	$ 5,534,870	$ 334,137,732	$ 18,054,101
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ 6,176,197	$ (612,695)	$ 59,747,646	$ (3,410,982)
Adjustments:				
Depreciation expense	6,457,531	607,472	49,574,503	2,984,907
Decrease (Increase) in receivables	(207,173)	20,421	1,504,102	(553,795)
Decrease (Increase) in interfund receivables	-	-	(1,031,867)	-
Decrease in inventories	-	-	-	(268,486)
Decrease in customer deposits	28,163	-	(22,808)	-
Increase in prepaid items	-	-	(2,073,033)	238,549
Decrease in other assets	-	-	8,664,737	-
Increase in escrow deposits	-	-	-	(5,000)
Increase (Decrease) in accounts payable	459,002	33,607	4,125,519	1,326,143
Increase (Decrease) in compensated absences payable	74,410	(4,590)	59,563	(24,214)
Decrease in net municipal pension balances	29,763	(3,120)	147,536	(911,242)
Increase in other post-employment benefit balances	171,607	11,301	698,042	1,342,540
Increase in closure/postclosure liability	403,056	-	403,056	-
Decrease in interfund payables	-	-	-	1,038,750
Increase in asset retirement obligations	-	-	(1,496,593)	-
Total adjustments	7,416,359	665,091	60,552,757	5,168,152
Net cash provided (used) by operating activities	$ 13,592,556	$ 52,396	$ 120,300,403	$ 1,757,170
NONCASH CAPITAL, INVESTING AND FINANCING ACTIVITIES:				
Increase in fair value of investments	89,778	12,461	932,217	37,369
Capital asset contributions	-	-	16,374,066	1,551,783

The notes to the basic financial statements are an integral part of this statement. **(concluded)**

CITY OF DENTON, TEXAS **Exhibit XI**
STATEMENT OF ASSETS AND LIABILITIES
AGENCY FUNDS
AS OF SEPTEMBER 30, 2020

	Agency Fund
ASSETS:	
Cash, cash equivalents and investments, at fair value	**$ 204,286**
Total assets	**$ 204,286**
LIABILITIES:	
Accounts payable	**$ 204,286**
Total liabilities	**$ 204,286**

The notes to the basic financial statements are an integral part of this statement.

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Denton is a municipal corporation governed by an elected seven-member council consisting of a mayor elected at large and six councilpersons, four representing specific geographical districts and two elected at large. The City receives funding from state and federal government sources and must comply with the requirements of these funding source entities. However, the City is not included in any other governmental "reporting entity," as defined in pronouncements by the Governmental Accounting Standards Board (GASB), as council members are elected by the public and have decision-making authority, the authority to levy taxes, the power to designate management, the ability to significantly influence operations, and primary accountability for fiscal matters.

The financial statements of the City have been prepared to conform to accounting principles generally accepted (GAAP) in the United States of America as applicable to state and local governments. Generally accepted accounting principles for local governments include principles prescribed by GASB, the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The following is a summary of the more significant policies.

A. Reporting Entity

An elected seven-member council consisting of a mayor and six councilpersons govern the City. As required by accounting principles generally accepted in the United States of America, these financial statements present the City (the primary government) and its component units, which are entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations, and so data from these units are combined with data of the primary government. A discretely presented component unit, on the other hand, is reported in a separate column in the government-wide financial statements to emphasize it is legally separate from the City. The City had no component units, discretely presented or blended, at September 30, 2020.

B. Government-wide and Fund Financial Statements

The basic financial statements include both government-wide (based on the City as a whole) and fund financial statements. The reporting focus is either the City as a whole (government-wide financial statements) or major individual funds (within the fund financial statements). The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. For the most part, the effect of inter-fund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The government-wide statement of activities demonstrates the degree to which the direct expenses of a functional category (public safety, public works, etc.) or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment; (2) grants and contributions that are restricted to meeting operational requirements of a particular function or segment; and (3) grants and contributions that are restricted to meeting the capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

The net cost (by function or business-type activity) is normally covered by general revenue (property taxes, sales taxes, franchise fees, interest income, etc.).

Separate fund financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major governmental funds and major enterprise funds are reported as separate columns in the fund financial statements. GASB Statement No. 34 sets forth minimum criteria (percentage of assets, liabilities, revenues or expenditures/expenses of either fund category and for the governmental and enterprise funds combined)

for the determination of major funds. Non-major funds are combined in a column in the fund financial statements.

Internal service funds, which traditionally provide services primarily to other funds of the government, are presented in summary form as part of the proprietary fund financial statements. The financial statements of internal service funds are allocated (based on the percentage of goods or services provided) between the governmental and business-type activities when presented at the government-wide level.

The City's fiduciary funds are presented in the fund financial statements. By definition these assets are being held for the benefit of a third party (other local governments, individuals, etc.) and cannot be used to address activities or obligations of the government, and as such, these funds are not incorporated into the government-wide statements.

The government-wide focus is more on the sustainability of the City as an entity and the change in aggregate financial position resulting from the activities of the fiscal period. The focus of the fund financial statements is on the major individual funds of the governmental and business-type categories, as well as the fiduciary funds (by category). Each presentation provides valuable information that can be analyzed and compared to enhance the usefulness of the information.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund-level financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized, and susceptible to accrual, as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Any amounts collected beyond the 60 days are recorded as deferred inflows of resources. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

The City reports the following major governmental funds:

The general fund is the City's primary operating fund. All general tax revenues and other receipts that are not allocated by law or contractual agreement to some other fund are accounted for in this fund. From the fund are paid general operating costs, fixed charges and capital improvement costs that are not paid through other funds.

The debt service fund accounts for the accumulation of financial resources for the payment of principal, interest and related costs on general long-term debt, paid primarily by taxes levied by the City. On a budgetary-basis, the debt service fund also accounts for pass-through debt service payments from the self-supporting proprietary funds.

The capital projects fund accounts for financial resources used for the acquisition or construction of capital other than those recorded in the enterprise funds and internal service funds.

Other governmental funds are a summarization of all of the non-major governmental funds.

The City reports the following major proprietary funds:

The City utility system is made up of three separate funds as follows:

The electric fund accounts for electrical utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The water fund accounts for water utility services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The wastewater fund accounts for sewer and storm water services to the residents and commercial establishments of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The City provides additional services through the following funds:

The solid waste fund accounts for the provision of solid waste services to the residents of the City. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, finance and related debt service.

The airport fund accounts for the airport services to the public and is funded through operational and gas well revenues. Activities necessary to provide such services are accounted for in the fund, including, but not limited to, administration, operations, maintenance, and finance.

The City additionally reports the following funds:

Internal service funds are used to account for the financing of materials and services provided by one department of the City to other departments of the City on a cost-reimbursement basis.

The materials management fund accounts for the financing of the goods and services of the purchasing department as well as the management and inventory of the City warehouse activities.

The fleet services fund accounts for the financing of goods and services provided by the activities of the City garage and machine shop to other departments.

The health insurance fund accounts for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, and dental and vision insurances.

The risk retention fund accounts for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City departments.

The technology services fund accounts for financing and management of technology equipment, software, and services such as programming, support, training, maintenance, and office services to City departments.

The engineering services fund accounts for providing engineering, real estate, public works inspection, and development review services primarily to City departments although some services are provided to and paid by external entities.

The customer service fund accounts for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect

services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

The facilities fund accounts for the maintenance of all city-owned facilities and vertical construction projects.

Agency funds are used to account for the payment of developers' escrow funds and other similar liabilities. The City holds the assets in an agency capacity for individuals, private organizations or other governments.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's electric, water, wastewater, solid waste, and airport funds are charges to customers for services. Operating expenses for the enterprise funds and internal service funds include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Budgetary Information

The City Council follows these procedures, as prescribed by City Charter, in establishing the budgets reflected in the financial statements:

1. Within the time period required by law, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them.
2. Public hearings are conducted prior to the adoption of the budget in order to obtain taxpayer comments.
3. The annual budget adopted by the City Council covers the general fund, non-major special revenue funds (Recreation Fund, Police Confiscation Fund, Tourist and Convention Fund, Gas Well Revenues Fund, Street Improvement Fund, and the Citizens' Park Trusts), the debt service fund, the enterprise funds, and internal service funds. The budget is legally enacted by the City Council through passage of an ordinance prior to the beginning of the fiscal year. The basic financial statements reflect the legal level of control, (i.e. the level at which expenditures cannot legally exceed the appropriated amount) which is established at the total fund level as approved by City Council.
4. The City Charter provides for the City Manager to transfer any part of the unencumbered appropriation balance or the entire balance thereof between programs or general classifications of expenditures within an office, department, agency or organizational unit. (The City Council defines an organizational unit as set forth in Article VIII, Section 8.07 of the City Charter, to be a fund that has been appropriated by the City Council.) City Council approval is not required up to the fund level. The Charter also provides that at any time during the year, at the request of the City Manager, City Council may by resolution transfer any part of the unencumbered appropriation balance or the entire balance thereof from one office, department, agency, or organizational unit to another, as well as make any increases in fund appropriations.

Budgets are adopted on a basis for the governmental funds and the budgeted special revenue funds that is generally consistent with generally accepted accounting principles. Budgets for enterprise funds are prepared on the full accrual basis, except certain noncash transactions such as depreciation expense and amortization on debt issuance costs where it is not budgeted, and debt service payments where it is budgeted. Also, during the budgetary process, amounts are included in all fund budgets to recognize administrative transfers between funds for goods or services. These amounts are not included in the reporting of actual activity for the funds.

For funds reporting required budget-to-actual comparisons, these administrative transfers are included as adjustments – budgetary basis.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed contracts for goods or services (i.e., purchase orders and contracts). While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances are re-appropriated against the subsequent year's budget, reducing the available appropriations for additional expenditures.

E. Assets, Liabilities and Net Position or Equity

1. Cash, cash equivalents and investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Investments are carried at fair value, except for the position in local government investment pools. Fair value is determined as the price at which two willing parties would complete an exchange.

The City uses a pooled cash and investment fund to hold and account for all of the City's investments. For financial reporting purposes, the investment balances in the pooled fund are allocated back to the individual funds based on their respective share of the pooled total. Interest earned on investments is also allocated back and recorded directly to the individual funds on a monthly basis.

2. Receivables

Outstanding balances between funds are reported as "interfund receivables/payables." Any residual balances between governmental activities and business-type activities are reported in the government-wide statements as "internal balances."

Trade, property tax receivables, and municipal court receivables are shown net of an allowance for uncollectible accounts. The City accrues amounts for utility services provided in September, but not billed at September 30, 2020.

3. Inventories

Inventories of supplies are maintained at the City warehouse for use by all City funds and are accounted for by the consumption method. Cost is determined using a moving average method. No inventories exist in the governmental fund types.

4. Prepaid items

Certain costs applicable to future accounting periods are recorded as prepaid items. Most of these balances are due to payments into an account for energy settlements in the Electric Fund and health claims in the Employee Insurance Fund.

5. Other Assets

Certain costs applicable to future accounting periods are recorded as other assets. In the prior fiscal year the City fully impaired its TMPA prepaid purchase power due to a permanent closure in generation. The impaired amount was recorded as an Other Asset (regulatory) to be amortized over 7.5 years in the electric fund, of which 4.5 years is remaining in the electric fund to be recovered through rate revenues. See note V.E. *Agreement with TMPA* for further information regarding TMPA.

6. Restricted assets

Certain proceeds of the City's governmental and proprietary fund general obligation bonds and certificates of obligation, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Assets collected from impact fees are limited by state statute in use and also shown as restricted on the balance sheet of the Water and Wastewater funds.

7. Capital assets

Capital assets, which include property, plant, equipment and infrastructure assets (e.g., roads, bridges, sidewalks and similar items) are reported in applicable governmental or business-type activities columns in the government-wide financial statements and in the proprietary fund financial statements. The City defines capital assets as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Net interest incurred during the construction phase of capital assets of business-type activities and enterprise funds is included as part of the capitalized value of the assets constructed. For 2020, net interest capitalization of $2,009,175 was recorded for electric fund projects, $1,086,051 for water fund projects, $655,018 for wastewater fund projects, and $33,900 for solid waste fund projects.

Capital assets are depreciated using the straight-line method over the following useful lives:

Assets	Years
Buildings	40
Infrastructure	20 – 40
General improvements	10
Machinery and equipment	10 – 20
Furniture and office equipment	10
Computer equipment/software	3 – 10
Plant and equipment	5
Underground pipe	40
Water storage rights	50 – 100
Water recreation rights	50
Communication equipment	5
Vehicles	3 – 10

Renewals and betterments of property and equipment are capitalized, whereas normal repair and maintenance are charged to expense as incurred.

8. Compensated absences

The City allows full-time employees to accumulate unused vacation up to 320 hours (480 for Civil Service Fire employees.) Upon termination, any accumulated vacation time will be paid to an employee. Generally, sick leave is not paid upon termination except for civil service fire fighters and police officers. Firefighters and police officers accumulate for payout unused sick leave up to a maximum of 1080 hours and 720 hours, respectively. All other employees are paid only upon illness while employed by the City. Accumulated vacation and sick leave is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements but have not been paid this amount at the end of the fiscal year. The General Fund and Other Governmental Funds are used to record any payout expenditures of the governmental funds' employees and related liability, while proprietary fund payouts for their employees are recorded as reductions to the liabilities in those funds.

9. Arbitrage

Arbitrage involves the investment of the proceeds from the sale of tax-exempt bonds in taxable instruments and securities authorized by the Public Funds Investment Act (Texas Government Code, Chapter 2256) that yield a higher rate, resulting in interest revenue in excess of interest costs. Federal tax

code requires that these excess earnings be rebated to the federal government. The Capital Projects Fund has been used in prior years to liquidate governmental funds' related liability. There were no arbitrage payments in the current fiscal year.

10. Pensions

For purposes of measuring the net pension liability, pension-related deferred outflows and inflows of resources, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and the Firemen's Relief and Retirement Fund (FRRF) and additions to/deductions from TMRS's and the FRRF's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS and the FRRF. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

11. Other post-employment benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year rather than prefunding. Benefit payments are treated as being equal to the City's yearly contribution for retirees. For purposes of measuring the total SDBF OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total SDBF liability and additions to/deductions from the City's total SDBF liability have been determined on the same basis as they are reported by TMRS. The SDBF expense and deferred (inflows)/outflows of resources related to SDBF, primarily result from changes in the components of the total SDBF liability. Most changes in the total SDBF liability will be included in SDBF expense in the period of the change. For example, changes in the total SDBF liability resulting from current-period service cost, interest on the Total OPEB Liability, and changes of benefit terms are required to be included in SDBF expense immediately. Changes in the total SDBF liability that have not been included in SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to SDBF.

The City provides post-employment medical care (Medical OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses, and their dependents through the City's group health insurance plans. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree healthcare costs are higher than active employee healthcare costs. By the City not contributing anything toward the plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City also contributes up to $200 per month, based on years of service, toward the cost of retiree coverage. As an irrevocable trust has not been established, the plan is not accounted for as a trust fund. For this purpose, plan contributions are recognized in the period that the direct and indirect subsidies are paid by the City. Total OPEB liability, OPEB-related deferred outflows and inflows of resources, and OPEB expense is based on the actuarial measurement dates.

12. Long-term obligations

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term obligations are reported as liabilities. Bond premiums and discounts are deferred and amortized over the life of the bonds. Bonds payable are reported net of the applicable bond premium or discount. Gain/loss on refunding are reported as deferred outflow/inflow and recognized as a component of interest expense over the remaining life of the old debt or life of the new debt, whichever is shorter.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

13. Fund equity

The City follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and in accordance with the statement, the classifications of governmental fund balances are presented as follows:

*Nonspendable fund balance*s – includes amounts not in a spendable form or are legally or contractually required to be maintained intact. Examples include inventory or endowments.

Restricted fund balance – includes amounts that can be spent only for the specific purposes stipulated by external resource providers, creditors, grantors, and contributors or through enabling legislation.

Committed fund balance – includes amounts that can be used only for the specific purposes determined by the City Council through an ordinance and may only be changed or lifted through another ordinance. The ordinance must either adopt or rescind the commitment, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

Assigned fund balance - comprises amounts intended to be used for specific purposes. Intent can be expressed by the City Council, or per the policy adopted by an ordinance by the City Council, the City Manager or the City Manager's designee (assistant city manager) may also make an assignment. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed and, at a minimum, is intended for the purpose of that fund.

Unassigned fund balance – is the residual classification of the general fund and includes all amounts not constrained in the other classifications. Unassigned amounts are technically available for any purpose. The General Fund is the only fund to report a positive unassigned fund balance amount. However, other governmental funds may report a negative unassigned fund balance as necessary if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned for those purposes.

When multiple categories of fund balance are available for expenditure and approved for use by the City Council, the City will start with the most restricted category and spend those funds first before moving down to the next category with available funds. Normally this would result in the use of restricted, then committed, then assigned, and lastly, unassigned fund balance.

14. Minimum fund balance policy

It is the goal of the City to achieve and maintain an unassigned fund balance in the General Fund equal to 20% of budgeted expenditures. An additional 5% resiliency reserve (25% combined total) may be maintained to safeguard against unusual financial circumstances or economic downturns.

15. Net position

Net position represents the difference between assets, deferred inflows, deferred outflows, and liabilities. Net investment in capital assets consists of capital assets net of accumulated depreciation and the outstanding balances of any borrowing spent for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

16. Deferred outflows and inflows of resources

In addition to assets, the statement of net position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position applying to a future period and will not be recognized as an outflow of resources, either expenses or expenditures, until that time. The City reports the following items qualifying for this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension actuarial losses reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan contributions reported in the statement of net position – A deferred charge is recorded for pension contribution amounts paid by the City after the current year's measurement date (December 2019) and will be fully recognized in the next period on the next measurement date (December 2020).
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.

In addition to liabilities, the statement of net position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position applying to a future period and will not be recognized as an inflow of resources, or revenues, until that time. The City reports the following items qualifying for reporting in this category:

- Deferred charges on refunding reported in the statements of net position - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price and is amortized over the shorter of the life of the refunded or refunding debt.
- Deferred pension excess earnings reported in the statement of net position – A deferred charge is recorded for the difference between actual investment earnings and expected investment earnings during the period and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial gains reported in the statement of net position – A deferred charge is recorded for the difference between actual experience and expected experience during the period between two actuarial valuations and is amortized over future periods.
- Deferred pension and other postemployment benefit plan actuarial assumption changes – A deferred charge is recorded for the difference due to assumption changes and amortized over future periods.
- Deferred unavailable revenues reported on the balance sheet of the governmental funds – A deferred amount is recorded for the billed revenues not yet collected or available. These amounts are deferred and recognized as inflow of resources in the period the amounts become available.

F. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

Explanation of certain differences between the governmental fund statement of revenues, expenditures and changes in fund balances and the government-wide statement of activities

An element of that reconciliation states, "Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. This is the amount by which proceeds exceeded payments." The details of this ($30,800,676) difference are as shown on the following page:

Debt issued or incurred:	
Issuance of general obligation debt	$(27,675,000)
Issuance of certificates of obligation	(24,020,000)
Principal repayments:	
General obligation debt principal retirement	10,414,324
Certificates of obligation principal retirement	7,515,000
Refunded debt principal	2,965,000
Net adjustment to decrease net changes in fund balances – total governmental funds to arrive at changes in net position of governmental activities	$(30,800,676)

Another element of that reconciliation states, "The net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins and donations) is to decrease net position." The details of this $8,244,338 difference are as follows:

Net effect of transactions involving asset retirements/disposals	$ (555,673)
Capital assets transferred to business-type activities as capital contributions	(2,180,937)
Donations of capital assets increase net position in the statement of activities but do not appear in the governmental funds because they are not financial resources	10,980,948
Net adjustment to increase net changes in fund balances - total governmental funds	$ 8,244,338

Another element of that reconciliation states, "Certain expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds." The details of the ($487,971) difference are as follows:

Change in:	
Compensated absences	$ (729,622)
Net pension liability	20,903,293
Municipal pension deferred actuarial gains/losses	(25,988,416)
Municipal pension deferred contributions	767,139
Municipal pension deferred assumption changes	3,424,264
Municipal pension deferred economic differences	1,903,958
Total OPEB liability	(1,158,877)
OPEB deferred contributions	286,965
OPEB deferred assumption changes	943,446
OPEB deferred economic differences	(844,574)
Accrued interest	4,453
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net position of governmental activities	$ (487,971)

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Deficit Fund Equity

The Criminal Justice fund had deficit fund balances of ($21,045) at September 30, 2020. The deficit was a result of reimbursement timing and clears in fiscal year 2020-2021. The Materials Management, Risk Retention, Engineering Services, and Customer Service internal service funds had deficit net positions of ($544,446), ($2,785,297), ($2,380,897), and ($2,355,870), respectively, due to the implementation of GASB Statement No. 68 "*Accounting and Financial Reporting for Pensions-an amendment of GASB Statement No. 27"* and GASB Statement No.75 *"Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions"(OPEB)* which resulted in an increase in the net pension liability and the total OPEB liability in the prior years during implementation.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

In order to facilitate effective cash management practices, the operating cash of all funds is pooled into a common account for the purpose of increasing income through combined investment activities. At year-end, the City had $225,704,657 in cash and cash equivalents of which $204,286 is included in the agency funds and $10,668 in petty cash.

The Public Funds Investment Act (Texas Government Code) authorizes the City to invest in obligations of the U.S. Treasury, U.S. agencies, fully collateralized repurchase agreements, public fund investment pools, SEC-registered no-load money market mutual funds, municipal securities of any state rated A or better, certificates of deposit (fully collateralized, insured, and standby letters of credit backed), and commercial paper rated not less than A-1 or P-1 with a stated maturity of no more than 365 days. The City's investment policy may further restrict those investment options. The investments reported on September 30, 2020 were similar to those held during the fiscal year.

The City reports all investments in the financial statements at fair value. At September 30, 2020, the City's investments carried a fair value of $599,800,254, of which $215,372,946 is in a local governmental investment pool which the City classifies in the financial statements as cash equivalents.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input significant to the entire measurement.

At September 30, 2020, the City had the following recurring fair value investments:

		Fair Value Measurement Method			
	9/30/2020	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Percent of Total Investments	Weighted Average Maturity (Days)
Investments Measured at Amortized Cost:					
TexSTAR - Investment Pool	$ 190,372,946	$ -	$ -	31.74%	1
TexPool - Investment Pool	25,000,000	-	-	4.17%	1
Investments by Fair Value Level:					
Debt Securities:					
U.S. Treasury Securities	130,420,891	130,420,891	-	21.74%	197
U.S. Agency Securities	194,616,782	-	194,616,782	32.46%	352
Commercial Paper	44,975,115	-	44,975,115	7.50%	73
Municipal Bonds - Coupon	14,414,520	-	14,414,520	2.40%	275
Total Investments	$ 599,800,254	$ 130,420,891	$ 254,006,417		
Portfolio Weighted Average Maturity					169

Of the investments recorded at fair value, the U.S treasuries are valued on trade history pricing models of those securities, and the U.S. agency securities, commercial paper, and municipal bonds are valued based upon observable inputs, including but not limited to, model prices for similar assets, benchmark yield curves, and matrix pricing.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values due to interest rate fluctuations by limiting the weighted average maturity of its investment portfolio to less than eighteen months.

Credit risk. The City's investment policy limits investments to obligations of the United States of America and its agencies, investment quality obligations of the State of Texas (including agencies, municipalities, counties, and other political subdivisions) with a rating not less than AA, certificates of deposits and savings deposits (fully insured, collateralized, or standby letter of credit backed), fully collateralized repurchase agreements, local public fund investment pools with a dollar weighted average maturity of 60 days or less, U.S. government money market mutual funds with a dollar weighted average maturity of 60 days or less and

a stable net asset value of $1 for each share, and commercial paper that has a maturity of 270 days or less and a minimum rating of A-1, P-1, or an equivalent rating by at least two nationally recognized rating agencies. The City's investments in TexSTAR were rated "AAAm" by Standard & Poor's.

Custodial credit risk. This is the risk that in the event of a bank or counterparty failure, the City's deposits may not be returned. The policy states that all bank deposits of City funds shall be secured by pledged collateral with a market value equal to no less than 102 percent of the principal plus accrued interest less an amount insured by FDIC. As of September 30, 2020, the bank balance for deposits was $11,702,827 and was fully collateralized by the City's third-party custodian, BNY Mellon.

Concentration of Credit Risk. The City's investment policy minimizes the risk of potential loss by diversifying investment types according to the following limitations based on value: U.S. Treasury bills/notes/bonds (100%), U.S. Agencies and Instrumentalities (100%), State of Texas Obligations – including agencies and local governments (15%), local government investment pools (50% in government securities and 15% in prime securities), repurchase agreements (20%), certificates of deposit (35%), savings deposits (15%), U.S. Money Market Mutual Funds (50%), callable U.S. Agencies and Instrumentalities (20%), and commercial paper (15%).

Local Government Investment Pools. During the year, the City invested in two public fund investment pools, TexSTAR and TexPool. The fair value of the position of TexSTAR is measured at net asset value, and the fair value of the position of TexPool is measured at amortized cost. Each pool's governing body is comprised of individuals who are employees, officers, or elected officials of participants in the funds or who do not have a business relationship with the fund and are qualified to advise. Investment objective and strategies of the pools are to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short-term marketable securities. Pools offer same day access to investment funds, which may be redeemed daily. As the redemption period is only one day or less, the City classifies these balances in the financials as cash equivalent. The pools may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, a general banking moratorium, or a national state of emergency affecting the pool's liquidity. The City has no unfunded commitments related to the investment pool.

Cash, cash equivalents and investments, at fair value are reported together on the financial statements. Investments, at fair value, by fund were as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds
Unrestricted investments	$ 18,972,338	$ 3,310,636	$ 121,410,715	$ 17,050,286
Change in fair value	173,815	30,330	1,112,299	156,204
Restricted investments	-	-	-	-
Change in fair value	-	-	-	-
Total	$ 19,146,153	$ 3,340,966	$ 122,523,014	$ 17,206,490

	Electric	Water	Wastewater	Solid Waste
Unrestricted investments	$ 51,907,124	$ 31,628,575	$ 25,354,150	$ 7,868,936
Change in fair value	475,545	289,764	232,281	72,091
Restricted investments	36,812,551	18,060,681	21,005,504	13,481,697
Change in fair value	337,257	165,462	192,441	123,512
Total	$ 89,532,477	$ 50,144,482	$ 46,784,376	$ 21,546,236

	Airport	Internal Service Funds	Total City Investments
Unrestricted investments	$ 2,354,081	$ 10,394,071	$ 290,250,912
Change in fair value	21,567	95,224	2,659,120
Restricted investments	1,117,724	208,299	90,686,456
Change in fair value	10,240	1,908	830,820
Total	$ 3,503,612	$ 10,699,502	$ 384,427,308

B. Property Tax Revenue

Property taxes attach as an enforceable lien on property as of January 1st. Taxes are levied on October 1st and are due and payable at that time; therefore, the legally enforceable claim arises on October 1st. A receivable is recorded at that time. All unpaid taxes levied October 1st become delinquent February 1st of the following year.

Property taxes at the fund level are recorded as receivables and revenue in the period they become available. Current-year revenues recognized are those Ad valorem taxes collected within the current period or soon enough thereafter to pay current liabilities, which is sixty days after year-end. All other outstanding receivables are adjusted from revenue and recognized as deferred inflows of resources for future collections. Current tax collections for the year ended September 30, 2020 were 99.56% of the tax levy. An allowance is provided for delinquent taxes not expected to be collected in the future.

At September 30, 2020, the City had a tax rate of $0.590454 per $100 valuation. Based upon the maximum Ad valorem tax of $2.50 per $100 valuation imposed by Texas Constitutional law, the City had a tax rate margin of $1.909546. Additional revenues up to $240,838,057 could be raised per year based on the current year's certified assessed value of $12,612,320,264 before the limit is reached.

On December 7, 2010, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #1) for the purpose of dedicating the increase in tax revenues generated within the TIRZ district for development in the downtown area of the City for a total of 30 years. The tax increment to be paid is 100% of the increment in years 1-5, 95% in years 6-10, 90% in years 11-20, and 85% in years 21-30. In fiscal year 2020, the total assessed value of $209,626,251 after supplemental adjustments for TIRZ #1 was an increase of $130,269,397

over the base fiscal year 2011 assessed value and resulted in $730,722 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds.

On December 18, 2012, the City Council approved a Tax Increment Financing Reinvestment Zone (TIRZ #2) for the purpose of dedicating 40% of the increase in tax revenues generated within the TIRZ district for development in the Westpark Industrial District for a total of 25 years. In fiscal year 2020, the assessed value of $119,113,120 after supplemental adjustments was an increase of $118,993,662 over the base fiscal year 2014 assessed value and resulted in $281,041 of property tax revenue recorded in the TIRZ Fund as part of All Other Special Revenue Funds. Denton County participates in the zone and based on their tax rate and a participation contribution of 40% of the County's tax rate, $107,227 of property tax revenue was generated for Fiscal Year 2020.

The City created the Rayzor Ranch Public Improvement District No. 1 in 2014 for the undertaking and financing of public improvements authorized by Chapter 372 of the Texas Local Government Code. The project is located on the City's northern sector, east of Interstate 35, and encompasses approximately 229.693 contiguous acres. The estimated costs of the proposed public improvements total $40 million. The authorized improvement costs will be apportioned 100% to the District. The method of assessment will impose equal shares of the costs of the proposed public improvements on parcels that are similarly benefited. No City property will be assessed, and the City will not be obligated to pay any assessments.

C. Receivables

Receivables at September 30, 2020 for the City's individual major funds and other funds (non-major funds, internal service funds and fiduciary funds), including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Debt Service	Capital Projects	Other Governmental Funds	Electric
Receivables:					
Taxes	$ 8,797,873	$ 480,729	$ -	$ 167,631	$ -
Accounts	188,007	-	-	23,286	15,176,467
Accrued interest	74,678	13,048	477,894	69,146	349,217
Unbilled utility service	-	-	-	-	9,370,612
Other - EMS Services	6,072,730	-	-	-	-
Other	2,999,756	-	10,868	92,827	9,011,009
Gross receivables	18,133,044	493,777	488,762	352,890	33,907,305
Less: Allowance for uncollectibles	(7,670,381)	(168,253)	-	(15,278)	(1,487,912)
Net total receivables	$ 10,462,663	$ 325,524	$ 488,762	$ 337,612	$ 32,419,393

	Water	Wastewater	Solid Waste	Airport	Internal Service Funds	Total
Receivables:						
Taxes	$ -	$ -	$ -	$ -	$ -	$ 9,446,233
Accounts	2,677,083	1,591,541	1,589,531	40,975	648,008	21,934,898
Accrued interest	195,586	182,479	84,040	13,666	41,733	1,501,487
Unbilled utility service	2,435,686	1,676,232	2,099,024	-	-	15,581,554
Other - EMS Services	-	-	-	-	-	6,072,730
Other	-	-	-	73,078	52,325	12,239,863
Gross receivables	5,308,355	3,450,252	3,772,595	127,719	742,066	66,776,765
Less: Allowance for uncollectibles	(262,462)	(156,036)	(155,839)	(4,017)	(30,240)	(9,950,418)
Net total receivables	$ 5,045,893	$ 3,294,216	$ 3,616,756	$ 123,702	$ 711,826	$ 56,826,347

D. Capital Assets

Capital asset balances and transactions for the year ended September 30, 2020 are summarized below and on the following page.

Governmental activities:	Balance at October 1, 2019	Increases	Transfers and Decreases	Balance at September 30, 2020
Capital assets not being depreciated:				
Land	$ 22,243,771	$ 4,730,331	$ -	$ 26,974,102
Construction in progress	132,647,539	89,723,329	(26,065,704)	196,305,164
Total capital assets not being depreciated	154,891,310	94,453,660	(26,065,704)	223,279,266
Capital assets being depreciated:				
Buildings	79,632,246	10,063,484	-	89,695,730
Infrastructure	304,868,175	10,914,606	(85,800)	315,696,981
Machinery, equipment, and other improvements	122,890,991	11,203,753	(3,399,825)	130,694,919
Total capital assets being depreciated	507,391,412	32,181,843	(3,485,625)	536,087,630
Less accumulated depreciation for:				
Buildings	30,142,705	2,058,584	-	32,201,289
Infrastructure	182,154,694	11,007,747	-	193,162,441
Machinery, equipment, and other improvements	77,572,782	9,594,326	(2,806,681)	84,360,427
Total accumulated depreciation	289,870,181	22,660,657	(2,806,681)	309,724,157
Total capital assets, being depreciated, net	217,521,231	9,521,186	(678,944)	226,363,473
Governmental activities capital assets, net	$ 372,412,541	$ 103,974,846	$ (26,744,648)	$ 449,642,739

(continued)

Business-type activities:	Balance at October 1, 2019	Increases	Transfers and Decreases	Balance at September 30, 2020
Capital assets not being depreciated:				
Land	$ 61,462,065	$ 6,890,619	$ -	$ 68,352,684
Construction in progress	185,193,966	96,935,861	(114,263,998)	167,865,829
Total capital assets not being depreciated	246,656,031	103,826,480	(114,263,998)	236,218,513
Capital assets being depreciated:				
Buildings	40,171,102	309,022	-	40,480,124
Landfill improvements	28,173,591	436,101	-	28,609,692
Water rights	69,883,098	-	-	69,883,098
Infrastructure	577,279,257	25,304,115	406,954	602,990,326
Plant, machinery, equipment, and other improvements	770,005,670	96,326,954	(12,702,085)	853,630,539
Total capital assets being depreciated	1,485,512,718	122,376,192	(12,295,131)	1,595,593,779
Less accumulated depreciation for:				
Buildings	9,769,773	1,077,719	-	10,847,492
Landfill improvements	23,942,469	1,667,775	-	25,610,244
Water rights	21,140,373	697,896	-	21,838,269
Infrastructure	182,112,040	14,496,510	(176,800)	196,431,750
Plant, machinery, equipment, and other improvements	230,645,224	31,634,603	(8,697,492)	253,582,335
Total accumulated depreciation	467,609,879	49,574,503	(8,874,292)	508,310,090
Total capital assets, being depreciated, net	1,017,902,839	72,801,689	(3,420,839)	1,087,283,689
Business-type activities capital assets, net	$1,264,558,870	$ 176,628,169	$ (117,684,837)	$ 1,323,502,202

Transfers and decreases include $629,154 transferred to Business-Type from Governmental Activities Infrastructure.

Depreciation expense was charged to activities of funds/functions/programs as follows:

Governmental activities:	
General government	$ 2,465,866
Public Safety	3,943,388
Public Works	10,756,813
Parks & Recreation	2,509,683
Capital assets held by the internal service funds are charged to the various functions based upon usage	2,984,907
Total depreciation expense - governmental activities	$ 22,660,657
Business-type activities:	
Electric	$ 24,806,258
Water	8,821,328
Wastewater	8,881,914
Solid Waste	6,457,531
Airport	607,472
Total depreciation expense - business-type activities	$ 49,574,503

Construction commitments:

The City has several major construction/capital projects planned or in progress as of September 30, 2020. These projects are evidenced by contractual commitments with contractors and include:

Project	Spent-to-Date	Remaining Commitment
Hickory Creek Wastewater Detention Facility	$ 1,418,588	$ 13,726,935
Bonnie Brae South Construction	17,811,690	12,773,044
Lake Lewisville Water Treatment Plant Upgrade - Phase 2	8,082,016	9,519,525
McKinney Street Widening	11,827,477	4,986,927
Development Services Building	6,978,014	4,391,387
Hickory Creek Widening, FM2181 to Riverpass	2,142,889	4,138,799
Brinker Substation	21,437,278	3,407,901
North South Water Main - Phase 2	9,537,124	3,309,509
Lake Lewisville Water Treatment Plant Solids Handling	7,160,117	1,902,086
Hickory Street - Welch to Carroll	475,335	1,845,311
Fire Station #8	3,589,365	1,767,952
Hickory Creek Road Realignment	1,700,047	1,741,928
Mayhill and McKinney Street Intersection	7,504	1,700,000
Fire Station #3 Rebuild	8,067,341	1,321,679
Hickory Creek Lift Station Upgrage	2,216,954	1,252,490
Hickory Creek Widening, FM2181 to FM2499	655,409	1,038,511
American Legion Hall Renovation	650,186	1,023,190

E. Interfund Receivables, Payables and Transfers

A summary of interfund receivables and payables (in thousands) at September 30, 2020, is as follows:

	Interfund Receivables:				
	Governmental Major Funds	Business-Type Major Funds			
Interfund Payables:	General Fund	Electric	Water	Wastewater	Total
Non-Major Governmental Funds	$ 497	$ -	$ -	$ -	$ 497
Internal Service Funds	549	6,446	991	214	8,200
Total	$ 1,046	$ 6,446	$ 991	$ 214	$ 8,697

The more significant interfund receivables and payables include the following:

Interfund receivables	Interfund payables	Amount
Electric fund	Internal service funds-materials management	$ 6,445,630
Water fund	Internal service funds-materials management	990,727
General fund	Internal service funds-materials management	549,441
General fund	Non-Major Governmental Funds	496,698
Wastewater fund	Internal service funds-materials management	214,202

The outstanding balances between the Electric, Water, Wastewater, and General Fund related to the Materials Management Fund are a result of the cash position in the Materials Management Fund due to inventory purchases. The outstanding balance between the General Fund and the Non-Major Governmental Funds is due to reimbursement timing from outside sources.

Transfers between funds (in thousands) during the year were as follows:

	Transfers Out:									
	Governmental Major Funds			Business-Type Major Funds						
Transfers In:	General Fund	Capital Projects Fund	Non-Major Governmental Funds	Electric Fund	Water Fund	Wastewater Fund	Solid Waste	Airport Fund	Internal Service Funds	Total
Governmental Major Funds:										
Debt Service Fund	-	-	128	-	-	-	-	-	-	128
Capital Projects Fund	2,545	-	5,440	16	18	3	16	-	549	8,587
Non-Major Governmental Funds	3,911	8	-	757	199	228	-	50	-	5,153
Wastewater Fund	-	-	-	-	-	-	235	-	-	235
Airport Fund	-	-	2	-	-	-	-	-	-	2
Internal Service Funds	283	-	-	-	11	-	-	-	66	360
Total	$ 6,739	$ 8	$ 5,570	$ 773	$ 228	$ 231	$ 251	$ 50	$ 615	$14,465

The more significant transfers include the following:

Transfers from fund	Transfers to fund	Amount
General Fund	Non-Major Gov't – Recreation Fund	3,510,698
Non-Major Gov't – Street Improvement Fund	Capital Projects	2,884,515
General Fund	Capital Projects	2,544,443
Non-Major Gov't – Other Special Revenue Funds	Capital Projects	2,280,000
Business-type Major Funds (Electric, Water, and Wastewater)	Non-Major Gov't – Street Improvement Fund	1,184,582

Transfers from the General Fund to the Non-Major Governmental Fund – Recreation were an operating subsidy as part of centralizing Park recreation programs all in the Recreation Fund. Transfers from the Non-Major Governmental Fund – Street Improvement Fund, from the General Fund, and from the Non-Major Governmental Funds – Other Special Revenue Funds were to fund capital projects such as streets and building renovations. Transfers from the Business-type Major Funds (Electric, Water, and Wastewater) to the Non-Major Governmental Fund – Street Improvement Fund were for bond savings costs related to the issuance of certificates of obligation, which fund street maintenance operations in the Street Improvements Fund.

F. Long-term Debt

Long-term liabilities transactions for the year ended September 30, 2020 are summarized as follows below and on the following pages:

	Balance at October 1, 2019	Increases	Decreases / Transfers	Balance at September 30, 2020	Due Within One Year
Governmental Activities:					
General obligation bonds	$ 135,507,957	$ 27,675,000	$ 12,995,424	$ 150,187,533	$ 11,550,678
Certificates of obligation	83,560,000	24,020,000	8,285,000	99,295,000	8,585,000
Compensated absences payable	13,298,877	8,722,117	7,936,624	14,084,370	7,005,462
Claims and judgement payable	4,594,291	24,645,395	24,145,893	5,093,793	2,361,615
Net pension liability	84,815,577	-	24,592,776	60,222,801	-
Other post employment benefits	29,130,676	2,026,617	-	31,157,293	-
Unamortized premium/(discounts)	12,749,386	6,221,273	1,945,776	17,024,883	2,153,888
Total governmental long-term liabilities	$ 363,656,764	$ 93,310,402	$ 79,901,493	$ 377,065,673	$ 31,656,643

	Balance at October 1, 2019	Increases	Decreases / Transfers	Balance at September 30, 2020	Due Within One Year
Business-type Activities:					
Revenue bonds	$ 214,890,000	$ -	$ 7,580,000	$ 207,310,000	$ 7,970,000
General obligation bonds	118,682,043	34,405,000	31,214,576	121,872,467	23,454,322
Certificates of obligation	414,890,000	34,060,000	52,050,000	396,900,000	17,060,000
Compensated absences payable	2,687,106	2,498,959	2,439,396	2,746,669	2,299,564
Claims and judgement payable	-	4,000,000	-	4,000,000	-
Net pension liability	38,266,583	-	11,229,103	27,037,480	-
Other post employment benefits	14,497,151	989,096	-	15,486,247	-
Decommissioning liability	22,663,717	-	1,496,593	21,167,124	3,349,147
Landfill closure/post-closure	10,970,382	403,056	-	11,373,438	-
Unamortized premium/(discounts)	56,877,139	7,501,636	7,284,090	57,094,682	7,335,555
Total business-type activities	894,424,121	83,857,747	113,293,758	864,988,107	61,468,588
Total long-term liabilities	$ 1,258,080,885	$ 177,168,149	$ 193,195,251	$ 1,242,053,780	$ 93,125,231

For Internal Service funds, long-term liabilities are included as part of the above totals for governmental activities. Compensated absences payables and net pension liability balances and payments are based on the assignment of an employee within a fund. Other postemployment benefits are liquidated from the Health Insurance internal service fund, with the retiree subsidy amounts paid predominantly by the General Fund. Claims payable represents an estimate of self-insured claims liability outstanding in the Health Insurance and Risk Retention internal service funds.

General Bonded Debt - General bonded debt at September 30, 2020, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2020
General obligation refunding	2.0 to 4.75	2011	2031	$ 2,225,000	$ 1,460,000
General obligation refunding	2.0 to 5.0	2012	2032	14,358,739	6,860,000
General obligation refunding	2.0 to 4.0	2013	2033	10,221,023	6,072,533
General obligation refunding	2.0 to 3.5	2014	2034	7,165,000	3,055,000
General obligation refunding	3.0 to 5.0	2015	2035	36,110,000	28,415,000
General obligation refunding	3.0 to 5.0	2016	2036	27,635,000	23,135,000
General obligation refunding	3.0 to 5.0	2017	2037	27,825,000	18,060,000
General obligation	3.0 to 5.0	2018	2038	19,235,000	18,050,000
General obligation refunding	3.0 to 5.0	2019	2039	18,015,000	17,405,000
General obligation refunding	2.0 to 5.0	2020	2040	27,675,000	27,675,000
Total general obligation bonds				190,464,762	150,187,533
Certificates of obligation	2.0 to 5.0	2011	2031	3,455,000	455,000
Certificates of obligation	2.0 to 5.0	2012	2032	4,490,000	595,000
Certificates of obligation	3.0 to 4.0	2013	2033	10,805,000	6,590,000
Certificates of obligation	2.0 to 5.0	2014	2034	8,635,000	6,025,000
Certificates of obligation	2.0 to 5.0	2015	2035	7,420,000	3,125,000
Certificates of obligation	3.0 to 5.0	2016	2036	7,190,000	4,250,000
Certificates of obligation	3.0 to 5.0	2017	2037	17,000,000	12,130,000
Certificates of obligation	3.0 to 5.0	2018	2038	9,555,000	7,855,000
Certificates of obligation	3.375 to 5.0	2018	2038	28,170,000	25,915,000
Certificates of obligation	3.0 to 5.0	2019	2039	9,390,000	8,335,000
Certificates of obligation	2.0 to 5.0	2020	2040	24,020,000	24,020,000
Total certificates of obligation				130,130,000	99,295,000
Total general bonded debt				$ 320,594,762	$ 249,482,533

[These amounts do not include net unamortized premiums/ (discounts) of $17,024,883 nor net deferred gain/ (loss) on refunding of ($872,528).]

Proceeds of general obligation bonded debt are restricted to the uses for which they were approved in the bond elections or, in the case of a refunding issuance, to the uses for which the certificates of obligation were originally issued. The City Charter expressly prohibits the use of bond proceeds to fund operating expenses. The general obligations are collateralized by the full faith and credit of the City and, primarily, payable from property taxes.

In August 2020, the City issued $58,080,000 ($34,060,000 of which is included as part of business-type activities) in certificates of obligation. The debt was issued to pay the costs of various capital improvements in the Capital Projects Fund ($24,020,000), the Electric Fund ($25,005,000), and the Wastewater Fund ($9,055,000).

In August 2020, the City issued $62,080,000 ($34,405,000 of which is included as part of business-type activities) of general obligation refunding and improvement bonds. The $25,185,000 for the improvement

portion of the bonds was issued to pay the costs of various capital improvements in the Capital Projects Fund. The refunding portion of the bonds' reacquisition price fell below the net carrying amount of the old debt by $806,247, ($785,808 of which is reported as a loss in business-type activities). This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over 10 years by $6,864,156 and resulted in a net present value savings of $6,654,750.

On September 30, 2020, the City had no general obligation bonds or certificates of obligation considered defeased but still outstanding.

Business-type Revenue Bonds – Revenue bond debt at September 30, 2020, is comprised of the following issues

Revenue Bonds	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2020
Utility system	3.25 to 5.0	2017	2037	$ 214,890,000	$ 207,310,000
Total revenue bonds				$ 214,890,000	$ 207,310,000

[These amounts do not include net unamortized premiums/ (discounts) of $23,268,841.]

The revenue bonds are collateralized by the revenue of the Denton utility system funds (System) and the related interest and sinking fund. The ordinance provides that the revenue of the System is to be used first to pay operating and maintenance expenses of the System and second to establish and maintain the revenue bond funds. Any remaining revenues may then be used for any lawful purpose. The ordinance also contains provisions, which among other items restrict the issuance of additional revenue bonds unless certain financial ratios are met. Management believes the City is in compliance with all significant requirements. The interest and sinking fund had a net position balance of $10,403,343 as of September 30, 2020 and is restricted for debt service. On September 30, 2020, the City had no revenue bonds considered defeased but still outstanding.

Business-type General Obligation Bonds and Certificates of Obligation – General obligation bonds and certificates of obligation issued for electric, water, wastewater, and solid waste funds at September 30, 2020, is comprised of the following:

General Obligation Bonds and Certificates of Obligation Debt	Interest Rate (%)	Issue Date	Final Maturity	Original Amount of Issue	Gross Amount Outstanding at September 30, 2020
General obligation refunding	2.0 to 4.75	2011	2021	$ 8,620,000	$ 565,000
General obligation refunding	2.0 to 5.0	2012	2024	19,231,261	7,265,000
General obligation refunding	2.0 to 4.0	2013	2025	513,977	262,467
General obligation refunding	3.0 to 5.0	2014A	2025	27,155,000	16,625,000
General obligation refunding	3.0 to 5.0	2015	2035	1,530,000	735,000
General obligation refunding	4.0 to 5.0	2015A	2026	33,945,000	9,645,000
General obligation refunding	3.0 to 5.0	2016	2028	1,295,000	1,020,000
General obligation refunding	3.0 to 5.0	2016A	2030	38,425,000	28,490,000
General obligation refunding	3.0 to 5.0	2017	2022	1,280,000	485,000
General obligation refunding	3.0 to 5.0	2019	2039	26,325,000	22,375,000
General obligation refunding	2.0 to 5.0	2020	2040	34,405,000	34,405,000
Total general obligation bonds				192,725,238	121,872,467
Certificates of obligation	2.0 to 5.0	2011	2031	28,645,000	16,050,000
Certificates of obligation	2.0 to 5.0	2012	2032	40,185,000	24,685,000
Certificates of obligation	3.0 to 4.0	2013	2033	52,715,000	34,105,000
Certificates of obligation	2.0 to 5.0	2014	2044	80,545,000	65,555,000
Certificates of obligation	2.0 to 5.0	2015	2045	85,595,000	71,360,000
Certificates of obligation	3.0 to 5.0	2016	2046	76,115,000	66,010,000
Certificates of obligation	3.0 to 5.0	2017	2047	73,800,000	65,130,000
Certificates of obligation	3.375 to 5.0	2018	2028	1,375,000	1,140,000
Certificates of obligation	3.0 to 5.0	2019	2049	19,365,000	18,805,000
Certificates of obligation	2.0 to 5.0	2020	2050	34,060,000	34,060,000
Total certificates of obligation				492,400,000	396,900,000
Total business-type G.O./C.O.				$ 685,125,238	$ 518,772,467

[These amounts do not include net unamortized premiums/ (discounts) of $33,825,841 nor net deferred gain/ (loss) on refunding of ($821,605).]

Schedule of Long-term Debt Maturities

Aggregate maturities of the long-term debt (principal and interest) for the years subsequent to September 30, 2020 are shown below:

Governmental Activities:

	General Obligation		Certificates of Obligation		Capital Leases		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 11,550,678	$ 5,215,960	$ 8,585,000	$ 3,805,037	$ -	$ -	$ 20,135,678	$ 9,020,997
2022	11,055,878	4,798,500	8,135,000	3,482,131	-	-	19,190,878	8,280,631
2023	10,216,262	4,349,945	7,010,000	3,135,006	-	-	17,226,262	7,484,951
2024	10,096,704	3,920,860	6,485,000	2,823,331	-	-	16,581,704	6,744,191
2025	9,633,011	3,507,040	5,645,000	2,530,481	-	-	15,278,011	6,037,521
2026-2030	41,145,000	12,256,890	24,475,000	9,006,341	-	-	65,620,000	21,263,231
2031-2035	37,015,000	5,578,447	23,945,000	4,096,788	-	-	60,960,000	9,675,235
2036-2040	19,475,000	976,541	15,015,000	767,813	-	-	34,490,000	1,744,354
Total	$ 150,187,533	$ 40,604,183	$ 99,295,000	$ 29,646,928	$ -	$ -	$ 249,482,533	$ 70,251,111

Business-Type Activities:

	General Obligation		Certificates of Obligation		Revenue		Total	
Fiscal Year	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2021	$ 23,454,322	$ 4,601,715	$ 17,060,000	$ 15,520,796	$ 7,970,000	$ 10,106,750	$ 48,484,322	$ 30,229,261
2022	21,604,122	3,813,520	16,535,000	14,792,550	8,375,000	9,698,125	46,514,122	28,304,195
2023	17,243,738	3,001,288	15,155,000	14,045,075	8,805,000	9,268,625	41,203,738	26,314,988
2024	15,633,297	2,289,772	15,460,000	13,320,751	9,260,000	8,817,000	40,353,297	24,427,523
2025	13,561,988	1,657,340	16,065,000	12,577,751	9,735,000	8,342,125	39,361,988	22,577,216
2026-2030	30,375,000	3,097,025	88,375,000	51,670,257	56,385,000	33,992,125	175,135,000	88,759,407
2031-2035	-	-	83,365,000	32,869,562	72,370,000	18,010,000	155,735,000	50,879,562
2036-2040	-	-	63,540,000	20,386,181	34,410,000.00	1,742,000.00	97,950,000	22,128,181
2041-2045	-	-	64,655,000	8,551,258	-	-	64,655,000	8,551,258
2046-2050	-	-	16,690,000	688,019			16,690,000	688,019
Total	$ 121,872,467	$ 18,460,660	$ 396,900,000	$ 184,422,200	$ 207,310,000	$ 99,976,750	$ 709,392,467	$ 302,171,591

[These amounts do not include net unamortized premiums/ (discounts) of $74,119,565 nor net deferred gain/ (loss) on refunding of ($1,694,133).]

Bonds Authorized and Unissued

General obligation bonds authorized but unissued as of September 30, 2020 amounted to $207,800,000. When issued, the proceeds will be allocated to the applicable street, drainage, police facilities, and parks projects.

All bonds were issued publicly through negotiated or competitive terms with no direct placements. There is no acceleration of maturity of the bonds in the event of default, and the City has never defaulted on the payment of bonds.

Claims and Judgements Payable

Claims and judgements payable include claims payables as part of the City's self-insurance plan, which can be found in note V.D. It also includes a judgement liability of $4,000,000 recorded in the electric fund, which can be found in note V.G. for further information.

G. Landfill Closure and Post-closure Cost

State and federal laws and regulations require the City to place a final cover on its Mayhill Road landfill site upon closure and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only upon anticipated closure, the City reports a portion of these costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Based on an updated model created by a 2017 engineering study, total landfill closure and post-closure cost as of September 30, 2020 was $20,008,655. The $11,373,438 reported as landfill closure and post-closure care liability as of September 30, 2020 is a $403,056 increase from the $10,970,382 liability reported on September 30, 2019. This liability represents the cumulative amount incurred to date based on the use of 53.80% of the estimated capacity of the entire landfill at September 30, 2020.

Based on this estimate, the remaining potential estimated liability for closure and post-closure care of the entire landfill is $17,543,032. The City will recognize the remaining estimated cost of closure and post-closure care as the remaining capacity is filled. These amounts are based on what it would cost to perform closure and post-closure care in 2020. Actual cost may fluctuate due to inflation, changes in technology, or changes in regulations. The landfill has a remaining life of 14 years, and the City expects to close the landfill in fiscal year 2034.

The solid waste fund has provided for a reservation and designation of cash and investments of $11,268,197 at September 30, 2020 and anticipates increasing the reserve in future periods as the closure and post-closure activities are carried out.

H. Decommissioning Liability

The electric fund has recorded a decommissioning liability of $21,167,124 as of September 30, 2020. This entire amount is payable to Texas Municipal Power Agency (TMPA) as the City's portion of TMPA's decommissioning liability for the Gibbons Creek power generation facility. See footnote V.E. on TMPA for more details.

V. OTHER INFORMATION

A. Pension Plans

Employee Retirement Plans

The City of Denton participates in two pension plans; Texas Municipal Retirement System (TMRS), an agent-multiple employer traditional, joint contributory, hybrid defined benefit pension plan; and the Denton Firemen's Relief and Retirement Fund (FRRF), a single employer, contributory, defined benefit plan. Both plans are described in detail below. Aggregate amounts for the two pension plans are as follows:

	TMRS	FRRF	Total
Pension liability	$ 530,227,521	$ 121,442,365	$ 651,669,886
Pension assets	460,593,810	103,815,795	564,409,605
Net pension liability	$ 69,633,711	$ 17,626,570	$ 87,260,281
Deferred outflows of resources	$ 17,833,480	$ 9,966,732	$ 27,800,212
Deferred inflows of resources	13,990,073	6,715,035	20,705,108
Pension expense	17,993,744	3,462,847	21,456,591

Texas Municipal Retirement Plan

Plan Description

The City of Denton participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas

Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly-available comprehensive annual financial report (CAFR) obtainable at www.tmrs.com.

All eligible employees of the city are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

Upon retirement, benefits depend on the sum of the employee's contributions, with interest, and the city-financed monetary credits, with interest. City-financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. Prior service credit, granted by each city joining TMRS, is a monetary credit equal to the accumulated value of the percentage of prior service credit adopted times and employee's deposits that would have been made, based on the average salary prior to participation, for the number of months the employee has been employed, accruing 3% annual interest, and including the matching ratio adopted by the City. Monetary credits for service since the plan began (or current service credits) are a percent (200%) of the employee's accumulated contributions. In addition, the City grants on an annually repeating basis, another type of monetary credit referred to as an updated service credit. This monetary credit is determined by hypothetically recomputing the member's account balance by assuming the current member deposit rate of the City (7%) has always been in effect. The computation also assumes the member's salary has always been the member's average salary – using a salary calculation based on the 36-month period ending a year before the effective date of calculation. This hypothetical account balance is increased by 3% each year, and increased by the city match currently in effect (200%). The resulting sum is then compared to the member's actual account balance increased by the actual city match and actual interest credited. If the hypothetical calculation exceeds the actual calculation, the member is granted a monetary credit (or Updated Service Credit) equal to the difference between the hypothetical calculation and the actual calculation times the percentage adopted. The plan provisions also include an annually repeating basis cost of living adjustments for retires equal to 70% of the change in the consumer price index.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after five years.

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	703
Inactive employees entitled to but not yet receiving benefits	649
Active employees	1,322
Total	2,674

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the City Council. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using

the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.00% and 17.29% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2020 were $17,562,597 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS's actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 497,298,775	$ 396,837,219	$ 100,461,556
Changes for the year:			
Service cost	16,283,811	-	16,283,811
Interest	33,434,342	-	33,434,342
Change of benefit terms	-	-	-
Difference between expected and actual experience	2,005,979	-	2,005,979
Changes of assumptions	1,438,798	-	1,438,798
Contributions - employer	-	16,255,126	(16,255,126)
Contributions - employee	-	6,693,287	(6,693,287)
Net investment income	-	61,399,432	(61,399,432)
Benefit payments, including refunds of employee contributions	(20,234,184)	(20,234,184)	-
Administrative expense	-	(346,657)	346,657
Other changes	-	(10,413)	10,413
Net changes	32,928,746	63,756,591	(30,827,845)
Balance at 12/31/2019	$ 530,227,521	$ 460,593,810	$ 69,633,711

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 148,276,249	$ 69,633,711	$ 5,437,601

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at *www.tmrs.com*.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $17,993,744. This amount is included as part of personal services expenses.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to TMRS pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ -	$ (13,990,073)
Contributions subsequent to the measurement date	13,636,001	-
Differences between expected and actual economic experience	3,072,145	-
Difference in assumption changes	1,125,334	-
Total	$ 17,833,480	$ (13,990,073)

$13,636,001 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the City's fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2021	$ (2,570,879)
2022	(2,701,990)
2023	1,960,066
2024	(6,479,791)
2025	-
Total	$ (9,792,594)

Denton Firemen's Relief and Retirement Plan

Plan Description

The City contributes to the retirement plan for firefighters in the Denton Fire Department known as the Denton Firemen's Relief and Retirement Fund (the Fund). The Fund is a single employer, contributory, defined benefit plan. The benefit provisions of the Fund are authorized by the Texas Local Fire Fighters' Retirement Act (TLFFRA). TLFFRA provides the authority and procedure to amend benefit provisions. The plan is administered by the Board of Trustees of the Denton Firemen's Relief and Retirement Fund. The City does not have access to nor can it utilize assets within the retirement plan trust. The Fund issues a stand-alone report pursuant to GASB Statement No. 67, which may be obtained by writing the Denton Firemen's Relief and Retirement Fund at P.O. Box 2375, Denton, Texas 76202. See that report for all information about the plan fiduciary net position.

Benefits Provided

Firefighters in the Denton Fire Department are covered by the Denton Firemen's Relief and Retirement Fund which provides service retirement, death, disability, and withdrawal benefits. These benefits fully vest after 20 years of credited service. Firefighters may retire at age 50 with 20 years of service. A partially-vested benefit is provided for firefighters who terminate employment with at least 10 but less than 20 years of service. If a terminated firefighter has a partially vested benefit, the firefighter may retire starting on the date they would have both completed 20 years of service if they had remained a Denton firefighter and attained age 50. The present plan effective January 1, 2011 provides a monthly normal service retirement benefit, payable in a Joint and Two-Thirds to Spouse form of annuity, equal to 2.59% of Highest 36-Month Average Salary for each year of service.

A retiring firefighter who is at least age 52 with at least 22 years of service has the option to elect the Retroactive Deferred Retirement Option Plan (RETRO DROP) which will provide a lump sum benefit and a reduced monthly benefit. The reduced monthly benefit is based on the service and Highest 36-Month Average Salary as if the firefighter had terminated employment on their selected RETRO DROP benefit calculation date, which is no earlier than the later of the date the firefighter meets the age 52 and 22 years of service requirements and the date four years prior to the date the firefighter actually retires. Upon retirement, the member will receive, in addition to the monthly retirement benefit, a lump sum equal to the sum of (1) the amount of monthly contributions the member has made to the Fund after the RETRO DROP benefit calculation date plus (2) the total of the monthly retirement benefits the member would have received between the RETRO DROP benefit calculation date and the date retired under the plan. There are no account balances. The lump sum is calculated at the time of retirement and distributed as soon as administratively possible.

There is no provision for automatic postretirement benefit increases. The Fund has the authority to provide, and has periodically in the past provided, ad hoc postretirement benefit increases.

Employees Covered by Benefit Terms

In the December 31, 2019 actuarial valuation, the following numbers of members were covered by the Fund:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to but not yet receiving benefits	3
Active employees	199
Total	289

Contributions

The contribution provisions of the Fund are authorized by TLFFRA. TLFFRA provides the authority and procedure to change the amount of contributions determined as a percentage of pay by each firefighter and a percentage of payroll by the City.

The funding policy of the Denton Firemen's Relief and Retirement Fund requires contributions equal to 12.6% of pay by the firefighters, the rate elected by the firefighters according to TLFFRA. The City began contributing in December 2017 according to a new City funding policy. The ordinance defining it includes an actuarially determined contribution rate over a closed 25-year amortization period, a contribution rate of 18.5% for several years, a minimum rate standard, and City review and approval of each actuarial valuation. The December 31, 2019 actuarial valuation includes the assumption the City contribution rate will be 18.5% over the unfunded liability amortization period. The costs of administering the plan are paid from the Fund assets. The City's contributions to the Fund for the year ended September 30, 2020 were $3,838,014.

Ultimately, the funding policy also depends upon the total return of the Fund's assets, which varies from year to year. Investment policy decisions are established and maintained by the board of trustees. For the calendar year ending December 31, 2019, the money-weighted rate of return on pension plan investments was 17.25%. This measurement of the investment performance is net of investment-related expenses, reflecting the effect of the timing of the contributions received and the benefits paid during the year.

While the contribution requirements are not actuarially determined, state law requires that each change in plan benefits adopted by the Fund must first be approved by an eligible actuary, certifying the contribution commitment by the firefighters and the assumed city contribution rate together provide an adequate contribution arrangement. Using the entry age actuarial cost method, the plan's normal cost contribution rate is determined as a percentage of payroll. The excess of the total contribution rate over the normal cost contribution rate is used to amortize the plan's unfunded actuarial accrued liability (UAAL). The number of years needed to amortize the plan's UAAL is actuarially determined using an open, level percentage of payroll method.

Net Pension Liability

The City of Denton's net pension liability was measured as of December 31, 2019, and the total pension liability used to calculate the net pension liability was determined based on the actuarial valuation as of December 31, 2019.

Total pension liability	$ 121,442,365
Plan fiduciary net position	103,815,795
City's net pension liability	$ 17,626,570
Plan fiduciary net position as a percentage of the total pension liability	85.5%

Actuarial Assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.50% per year
Overall payroll growth	3.00% per year, plus promotion, step and longevity increases that vary by service
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) total dataset mortality tables employees and for retirees (sex distinct), projected for mortality improvement generationally using the projection scale MP-2019.

The long-term expected rate of return on pension plan investments is reviewed for each biennial actuarial valuation and was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighting the expected future net real rates of return by the target asset allocation percentage (currently resulting in 4.96%)

and by adding expected inflation (2.5%). In addition, the final 6.75% assumption was selected by "rounding down" and thereby reflects a reduction of 0.71% for adverse deviation. The target allocation and expected arithmetic net real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Equities		
Large Cap Domestic	40.0%	6.00%
Small/Mid Cap Domestic	10.0%	6.50%
International Developed	10.0%	6.50%
Alternatives		
Master Limited Partnerships	8.0%	6.50%
Real Estate	15.0%	4.50%
Fixed Income	10.0%	1.00%
Cash	7.0%	0.00%
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 6.75%. No projection of cash flows was used to determine the discount rate because the December 31, 2019 actuarial valuation showed expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 18 years. Because of the 18-year amortization period of the UAAL, the pension plan's fiduciary net position is expected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments of 6.75% was applied to all periods of projected benefit payments as the discount rate to determine the total pension liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2018	$ 109,454,828	$ 86,834,224	$ 22,620,604
Changes for the year:			
Service cost	3,723,960	-	3,723,960
Interest	7,497,583	-	7,497,583
Change of benefit terms	-	-	-
Difference between expected and actual experience	1,526,958	-	1,526,958
Changes of assumptions	-	-	-
Contributions - employer	-	3,639,740	(3,639,740)
Contributions - employee	-	2,478,958	(2,478,958)
Net investment income	-	15,141,275	(15,141,275)
Benefit payments, including refunds of employee contributions	(4,206,975)	(4,206,975)	-
Administrative expense	-	(71,427)	71,427
Assumption changes	3,446,011	-	3,446,011
Other changes	-	-	-
Net changes	11,987,537	16,981,571	(4,994,034)
Balance at 12/31/2019	$ 121,442,365	$ 103,815,795	$ 17,626,570

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City of Denton, calculated using the discount rate of 6.75%, as well as what the city's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Current Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	$ 33,482,434	$ 17,626,570	$ 4,170,220

Pension Plan Fiduciary Net Position

The plan fiduciary net position reported above is the same as reported by the Fund. Detailed information about the plan fiduciary net position is available in the Fund's separately issued audited financial statements, which are reported using the economic resources measurement focus and the accrual basis of accounting in conformity with accounting principles generally accepted in the United States of America. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of the related cash flows. Investments are reported at fair value, the price that would be recognized to sell an asset in an orderly transaction between market participants at the measurement date.

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2020, the City recognized pension expense of $3,462,847. Amounts recognized in the fiscal year represent changes between the current and prior year measurement dates. This amount is included as part of personnel services expenses.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to the Fund from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between projected and actual investment earnings	$ -	$ (5,706,534)
Contributions subsequent to the measurement date	2,969,141	-
Differences between expected and actual economic experience	2,774,972	(1,008,501)
Difference in assumption changes	4,222,619	-
Total	$ 9,966,732	$ (6,715,035)

Deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date of $2,969,141 will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2020 and the City's fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense (income) as follows:

For the Year Ended September 30,	Net Deferred Outflows/(Inflows)
2021	$ (1,081,158)
2022	(614,453)
2023	118,870
2024	(1,081,497)
2025	756,041
Thereafter	2,184,753
Total	$ 282,556

B. Post-employment Benefits Other than Pensions (OPEB)

The City of Denton provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-employer defined benefit medical plan (Medical OPEB), and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB plan. Both plans are described in detail below.

Aggregate amounts for the two OPEB plans are as follows:

	Medical OPEB	TMRS SDBF	Total
Total OPEB liability	$ 42,548,138	$ 4,095,402	$ 46,643,540
Deferred outflows of resources	$ 3,754,219	$ 941,908	$ 4,696,127
Deferred inflows of resources	2,795,660	403,823	3,199,483
OPEB expense	3,574,235	378,580	3,952,815

Medical Benefits

Plan Description

The City of Denton provides post-employment medical care (OPEB) for retired employees through a single-employer defined benefit medical plan. The plan provides medical benefits for eligible retirees, their spouses and dependents though the City's group health insurance plans, which covers both active and retired members. The benefits, benefit levels, and contribution rates are recommended annually by the City management as part of the budget process. Any changes in rate subsidies for retirees are approved by the City Council. Since an irrevocable trust has not been established, the plan is not accounted for as a trust fund. The plan does not issue a separate financial report.

Benefits Provided

The City provides post-employment medical, dental, and vision care benefits to its retirees. To be eligible for benefits, an employee must qualify for retirement under the Texas Municipal Retirement System or the Denton Firemen's Relief and Retirement Plan. Retirees must make a one-time irrevocable decision to choose benefits at the time of retirement, after that their eligibility for the benefits ceases. However, retirees can move between plans and can add and drop dependents based on qualifying events.

All medical care benefits are provided through the City's self-insured health plan. The benefit levels are the same as those afforded to active employees.

Employees Covered by the Benefit Terms

In the December 31, 2019 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	186
Active employees	1,492
Total	1,678

Funding Policy

The plan premium rates are recommended annually by City management and approved by the City Council as part of the annual budget. The retiree's contribution is the full amount of the actuarially determined blended premium rate less a subsidy dependent upon years of service at retirement. By providing retirees with access to the City's healthcare plans based on the same rates it charges to active employees, the City is in effect providing a subsidy to retirees. This implied subsidy exists because, on average, retiree health care costs are higher than active employee healthcare costs. By the City not contributing anything toward this plan in advance, the City employs a pay-as-you-go method through paying the higher rate for active employees each year. The City contributes $40 per month for each five-year increment of service, up to $200 per month, toward the cost of retiree coverage. The full cost for dental and vision is paid by the retiree. Retirees are required to enroll in Medicare Part B once eligible (age 65) and are moved into a fully-insured Medicare Supplement plan at that time. The same City contribution level applies to the supplement.

Medical OPEB Liability

The City's medical OPEB liability of $42,548,138 was measured as of December 31, 2019, the same date as the actuarial valuation.

Actuarial Methods and Assumptions

The medical OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement date, unless otherwise specified.

Significant method and assumptions used for this fiscal year valuation were as follows:

	Actuarial Assumptions
	12/31/2019
Valuation date	December 31, 2019
Actuarial cost method	Individual Entry-Age Normal Method
Discount Rate	3.31% as of December 31, 2017 3.71% as of December 31, 2018 2.75% as of December 31, 2019
Inflation rate	2.50% per annum
Projected salary increases	3.50% to 11.50% for TMRS, including inflation 3.00% to 9.18% for Fire, including inflation
Healthcare trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years
Mortality	**TMRS:** For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. **Firefighters:** The gender-distinct PubS-2010 (safety employees) total data set mortality are used. The rates are projected on a fully generational basis using the projection scale MP-2019.
Participation Rates	60% for employees retiring at age 65 or older; 45% for employees retiring between the ages of 50 and 64; 5% for employees retiring between the ages of 45 and 49; 0% for retirees under age 50 at retirement

Changes in the Medical OPEB Liability

	Total Medical OPEB Liability
Balance at 12/31/2018	$ 40,182,078
Changes for the year:	
Service cost	2,052,606
Interest	1,507,925
Difference between expected and actual experience	(1,512,289)
Changes of assumptions	1,444,810
Benefit payments	(1,126,992)
Net changes	2,366,060
Balance at 12/31/2019	$ 42,548,138

Total OPEB liability as a percentage of covered payroll was 36.04%.

Sensitivity of the Medical OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the medical OPEB liability if the discount rate used was 1% less than (1.75%) and 1% greater than (3.75%) the discount rate that was used (2.75%) in measuring the medical OPEB liability:

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total medical OPEB liability	$ 47,303,615	$ 42,548,138	$ 38,387,769

Sensitivity of the Medical OPEB Liability to Changes in the Healthcare Cost Trend Rate Assumption

The following schedule shows the impact of the medical OPEB liability if the healthcare trend cost rate used was 1% less than (6.00%) and 1% more than (8.00%) the healthcare cost trend rate that was used (7.00%) in measuring the medical OPEB liability:

	1% Decrease (6.00%)	Current Healthcare Cost Trend Rate (7.00%)	1% Increase (8.00%)
Total medical OPEB liability	$ 38,978,237	$ 42,548,138	$ 46,787,609

Medical OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Medical OPEB

For the year ended September 30, 2020, the City recognized medical OPEB expense of $3,574,235. At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to medical OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ -	$ 1,455,499
Changes in actuarial assumptions	2,654,781	1,340,161
Contributions subsequent to the measurement date	1,099,438	-
Totals	$ 3,754,219	$ 2,795,660

Deferred outflows of resources related to OPEB contributions subsequent to the measurement date of $1,099,438 will be recognized as a reduction of the medical OPEB liability for the City's fiscal year ending September 30, 2021. Other amounts reported as deferred outflows of resources related to the medical OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,	Net Deferred Outflows/(Inflows)
2021	$ 13,704
2022	13,704
2023	13,704
2024	13,704
2025	13,704
Thereafter	(209,399)
Total	$ (140,879)

TMRS Supplemental Death Benefit Fund

Plan Description

The City of Denton voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a defined benefit group-term life insurance Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits, and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an "other postemployment benefit" (OPEB) and is a fixed amount of $7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan.

Employees Covered by the Benefit Terms

In the December 31, 2019 actuarial valuation, the following number of employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	548
Inactive employees entitled to but not yet receiving benefits	179
Active employees	1,322
Total	2,049

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.17% for 2020 and 0.18% for 2019, of which 0.03% for both years, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for two years ended September 30, 2020 and 2019 were $175,649 and $169,485 respectively, representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Actuarial Methods and Assumptions

The SDBF OPEB liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

	12/31/2019
Inflation rate	2.50% per annum
Discount rate	2.75%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by scale UMP to account for future mortality improvements. For disabled annuitants, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used with a 4-year set forward for males and a 3-year set forward for females. In addition, a 3.5% and 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled for males and females, respectively. The rates are projected on a fully generational basis by scale UMP BB to account for the future mortality improvements subject to the floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate

The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 2.75% was used to measure the SDBF OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2019.

Sensitivity of the SDBF OPEB Liability to Changes in the Discount Rate

The following schedule shows the impact of the SDBF OPEB liability if the discount rate used was 1% less than (1.75%) and 1% greater than (3.75%) the discount rate that was used (2.75%) in measuring the medical OPEB liability:

	1% Decrease (1.75%)	Current Discount Rate (2.75%)	1% Increase (3.75%)
Total SDBF OPEB liability	$ 5,010,171	$ 4,095,402	$ 3,392,689

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs

At September 30, 2020 the City reported a liability of $4,095,402 for its Total SDBF OPEB liability. The total SDBF liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the City recognized SDBF OPEB expense of $378,580. There were no changes of benefit terms that affected measurement of the Total SDBF Liability during the measurement period.

Changes in the SDBF OPEB Liability

	Total SDBF OPEB Liability
Balance at 12/31/2018	$ 3,445,749
Changes for the year:	
Service cost	152,989
Interest	130,143
Difference between expected and actual experience	(284,991)
Changes of assumptions	680,198
Benefit payments	(28,686)
Net changes	649,653
Balance at 12/31/2019	$ 4,095,402

Total OPEB liability as a percentage of covered payroll was 4.28%.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to other SDBF post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	$ 104,277	$ 237,174
Changes in actuarial assumptions	703,559	166,649
Contributions subsequent to the measurement date	134,072	-
Totals	$ 941,908	$ 403,823

The $134,072 reported as deferred outflows of resources related to SDBF OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total SDBF Liability for the year ending September 30, 2021. Other amounts reported as deferred outflows of resources related to SDBF OPEB will be recognized in OPEB expense as follows:

Year Ending September 30	Net Deferred Outflows/(Inflows)
2021	$ 95,448
2022	95,448
2023	95,448
2024	55,532
2025	62,137
Total	$ 404,013

C. Deferred Compensation Plan

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. For the calendar years 2019 and 2020, the plan, available to all permanent City employees, permitted them to defer, until future years, up to $19,000 and $19,500, respectively. Employees who are age 50 or older may contribute an additional amount of $6,500, the total not to exceed $26,000 in 2020. Employees who are within three years of retirement eligibility may elect to participate in a catch-up provision allowed by Section 457, which has an annual maximum contribution amount of $38,000 in 2019 and $39,000 in 2020. The withdrawal of deferred compensation funds is only available to employees by loan, termination, retirement, death, or unforeseeable emergency.

All amounts of compensation deferred under the plan, all property and rights purchased with those amounts, and all income attributable to those amounts, property or rights are, until paid or made available to the employee or other beneficiary, solely the property and rights of the employees. Accordingly, the assets and associated liability of the plan are not included in the City’s financial statements.

It is the opinion of the City's legal counsel that the City has no liability for losses under the plan.

D. Self-insurance Plan

The City has established a self-insurance plan for liability and workers' compensation claims in the Risk Retention Fund. Accrued claims payable include provisions for claims reported and claims incurred but not

reported. The provision for reported claims is determined by estimating the amount which will ultimately be paid for each claimant. The provision for claims incurred but not yet reported is estimated based on actuarial studies.

It is the policy of the City of Denton not to purchase commercial insurance for workers' compensation claims or general liability. Commercial liability insurance coverage is purchased for airport operations, emergency medical services, take-home vehicles, and employee theft and dishonesty. Additionally, excess insurance is purchased for general liability, auto liability, public officials, and workers' compensation exposures. The City reports liabilities when it is probable that a loss has occurred and the amount of that loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claim liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount.

In January 2008, the City started a self-insured group employee health insurance plan. Claims are paid from the Health Insurance Fund, which has an annually negotiated stop loss provision.

The City's costs associated with the self-insurance plans are interfund transactions. Accordingly, they are treated as operating revenues of the Internal Service Risk Retention Fund and Health Insurance Fund and operating expenditures (expenses) of the other funds and employee payroll deductions.

Claims liabilities are re-evaluated periodically to take into consideration settlement of claims, new claims and other factors. As of September 30, 2020, the estimated value of these liabilities was $5,093,793. Changes in balances of claims liabilities during fiscal years 2020 and 2019 were as shown as follows:

	Claims Liability Beginning of Fiscal Year	Claims and Change in Estimates	Claims Payments	Claims Liability End of Fiscal Year
Workers' Compensation				
2020	$ 2,035,824	$ 1,311,288	$ 1,117,028	$ 2,230,084
2019	$ 1,790,669	$ 594,989	$ 349,834	2,035,824
General Liability				
2020	$ 720,136	$ 488,684	$ 259,226	$ 949,594
2019	$ 1,017,886	$ 398,268	$ 696,018	720,136
Health Insurance				
2020	$ 1,838,331	$ 22,845,423	$ 22,769,639	$ 1,914,115
2019	1,974,963	$ 21,910,864	$ 22,047,496	1,838,331

On September 30, 2020, the City of Denton had a negative unrestricted net position of $2,785,297 in the Risk Retention Fund and an additional positive net position of $3,082,577 in the Health Insurance Fund for payment of claims, both in addition to the liability balances recorded. There were no significant reductions in insurance coverage from coverage in the prior year, and the amount of settlements did not exceed insurance coverage in the current year or in any of the past three fiscal years.

E. Commitments and Contingencies

Agreement with TMPA

In 1976, the City, along with the cities of Bryan, Greenville, and Garland, Texas (the Cities) entered into a Power Sales Contract with the Texas Municipal Power Agency (TMPA). TMPA was created through concurrent ordinances of the Cities and is governed by a Board of Directors consisting of eight members, two appointed by the governing body of each city. Under the terms of the agreement, TMPA agreed to construct

or acquire electric generating plants to supply energy and power to the Cities for a period of not less than 35 years. The Cities in turn agreed to purchase all future power and energy requirements in excess of the amounts generated by their systems from TMPA at prices intended to cover operating costs and retirement of debt. In the event that revenues were insufficient to cover all costs and retire the outstanding debt, each of the cities guaranteed a portion of the unpaid debt based, generally, upon the pro rata share.

TMPA, a municipal corporation, is governed by a Board of Directors consisting of eight members. The governing body of each of the four Cities appoints two members to the Board. An affirmative vote of five Directors, plus a weighted majority vote based on the respective energy usage of the Cities, is required for major decisions.

The City pays TMPA a pro-rated monthly charge based on the City's contractual portion of TMPA's annual fixed operating costs and debt service payments, which is currently 21.3%. As of September 30, 2020, total TMPA long-term debt outstanding was approximately $220,348,000, all of which was transmission debt and has no effect on the term of the contract. All outstanding generation debt was paid off on September 1, 2018.

In 2019, TMPA issued a request for proposal involving only the sale of generation assets. Proposals were received in August 2019, and TMPA entered into negotiations with one of the proposers. On December 10, 2020, the TMPA Board of Directors approved a fully negotiated Asset Purchase Agreement (APA) with Gibbons Creek Environmental Redevelopment Group LLC (GCERG), a subsidiary of Chara Solutions. As required by the TMPA Joint Operating Agreement, each TMPA member city was required to approve the APA. On January 26, 2021, the City Council approved the APA with GCERG. On February 20, 2021, TMPA and GCERG closed on the sale of the Gibbons Creek Steam Generation Plant and property. Through sale, GCERG acquired 6,200 acres including the plant, CCR units, and reservoir. GCERG must decommission the plant and remediate all CCR units to TCEQ/EPA standards. GCERG provides independent financial security to TMPA for remediation/decommissioning and post closure activities and certain land use limits imposed on CCR containing parcels. TMPA, and its member cities, will recognize a savings of approximately $48.02 million versus self-performance of remediation/decommissioning and post closure activities. The City's share of saving is approximately $10.28 million. This sale to GCERG only includes the generation assets and TMPA retains the 10,000 plus acres associated with the mine land and all transmission assets.

Effective September 1, 2016, TMPA and the Member Cities entered into a Joint Operating Agreement (JOA). In general, the purposes of the JOA include: (i) funding TMPA operations such as mine reclamation, transmission service, and plant decommissioning following expiration of the Power Sales Contract (PSC); (ii) subject to certain exceptions, requiring Member City approval for the issuance of new debt, the execution of certain significant contracts, and the sale of property exceeding $10 million in value; (iii) specifying provisions for determining how costs of TMPA and proceeds from the sale of assets are to be allocated among the Member Cities; (iv) providing for the establishment by TMPA of reserve funds for the decommissioning of the plant and the indemnification of TMPA Board Members and Member City officials, employees, contractors, and agents; and (v) dividing the operations of TMPA into three business functions (mine, generation, and transmission) and requiring separate budgets and books for each business function.

The PSC provides upon dissolution of TMPA, the assets of TMPA automatically being transferred to the Member Cities, with each Member City receiving an undivided interest in the assets of TMPA in proportion to the amount paid by the Member City to TMPA. The JOA requires TMPA to periodically make this calculation for each business unit, and sets out formulas for making these calculations. Under the JOA, these ownership calculations are relevant not only to the allocation of assets upon dissolution of TMPA, but also to the allocation of certain proceeds from the sale of assets, and in some cases, the allocation of TMPA costs.

At the request of a majority of the Member Cities, TMPA is required by the JOA to transfer a divided interest in the transmission system to each Member City. Under this partition process, the objective is for each City to receive ownership of transmission facilities in the vicinity of the Member City, and in proportion to the Member City's ownership interest in the transmission business. Any such transfer of transmission assets must be in compliance with relevant bond covenants, including those requiring defeasance of all or a portion of transmission debt.

The JOA included a reclamation plan for the mine, required the development of a decommissioning plan, and set out standards for environmental remediation. TMPA is required to comply with these plans and standards.

Under the JOA, in discharging its contractual obligations, including mine reclamation, decommissioning, transmission service, environmental remediation, indemnification, and other obligations, TMPA is rendering services to the Member Cities. The JOA obligates each Member City to pay the cost of these services, and to collect rates and charges for electric service sufficient to enable it to pay to TMPA all amounts due under the JOA for these services. The City's payment obligations under the JOA are payable exclusively from such electric utility revenues, and constitute an operating expense of the electric system.

Unless terminated earlier through the mutual consent of all parties, the JOA remains in effect until the dissolution of TMPA and the winding up of its affairs.

Effective September 1, 2016, the JOA was amended (Amendment No. 1). The primary purposes of the amendment were to authorize the sale of Gibbons Creek and the sale of the Southern 345 kV Transmission System and to authorize the issuance of refunding bonds in connection with such sales. As the sale contemplated by Amendment No. 1 did not occur, by its own terms, Amendment No. 1 ceased to have any force or effect. Effective September 22, 2017, the JOA was amended a second time (Amendment No. 2). The purposes of this amendment are to: continue TMPA's authority to issue mine reclamation bonds as had been contemplated in Amendment No. 1; revise the dates on which the separate budgets of the JOA become effective; authorize TMPA to sell certain mining and transmission assets, provided the sales do not exceed in value certain financial thresholds, and provided the sales comply with bond covenants; and allow for an extension to the term of the PSC, applicable only to the cities notifying TMPA of the extension, in order to complete a period of seasonal operation in 2018, or such other period of time as desired by the notifying cities. Pursuant to this provision, the City extended the PSC from September 1, 2018 to September 30, 2018, in order to complete the period of 2018 seasonal operation. As of September 30, 2018, the PSC had expired for all member cities.

On September 17, 2019 the JOA was amended (Amendment No. 3). The amendment defined portions specific to the generation business that had been tied to the expired PSC and clarified all board members may vote on matters involving decommissioning and the sale of the plant. It exempted financial commitments related to bonding from the requirement to obtain approval of all Member Cities relating to certain budget increases. This is to address concerns by the Attorney General of Texas that a potential situation could arise where a Member City could interfere with TMPA's existing bond deposit requirement obligations ("bond reserve equivalent") should that obligation require a 20% increase over the previous year's budget. The amendment also allows for the sale of mine tracts only after the completion of mine reclamation. This would permit the sale of a mine tract subject to bonding provided that the conveyance reserves easements, leases, or other property rights are reserved to enable TMPA to complete reclamation.

On November 12, 2019 the JOA was amended (Amendment No. 4). This amendment modified the agreement to make it unambiguous that in the event that all mining assets are sold, all Member Cities shall remain responsible for the costs of closing the mining operation according to each's percentage share and that these are included: "all obligations are discharged with respect to mine reclamation bonds, surety bonds, banking agreements, letters of credit, and other financial commitments related to providing financial security or assurance for TMPA's mine reclamation responsibilities." Additionally, it modified the agreement by removing the cap on sales of the mining assets. The restriction that sales must be of fair market value remains.

Effective September 26, 2017, Gibbons Creek transitioned into a seasonal operations mode, operating during the summer months only (May-September). Due to the significant decline in service utility of the generation assets, such assets were deemed largely impaired as of September 30, 2017. On June 1, 2019, the TMPA Board of Directors voted to permanently retire the generation facility. The City also wholly impaired its TMPA prepaid purchase power due to the retirement. The City has recorded $25,682,691 in Other Assets in the Electric fund to be amortized over the remaining 4.5 remaining years.

Selected financial statement information of TMPA is as follows:

	September 30 (Unaudited)	
	2020	2019
	(000s)	(000s)
Operating revenues	$ 54,237	$ 53,306
Operating expenses	19,102	152,062
Operating income	35,135	(98,756)
Other non-operating sources (uses)	4,406	107,438
Current unrestricted assets	39,289	47,559
Total assets and deferred outflows	368,164	366,203
Long-term debt – Noncurrent	215,768	213,298
Total liabilities	380,362	381,676
Total net position	(12,198)	(15,473)

Financial statements for TMPA are available from the TMPA website www.texasmpa.org.

Power Purchase Agreements

Following is a list of power purchase agreements in effect as of the publication date of these financial statements as well as agreements entered into subsequent to year. The information provided is all that is allowed under the confidentiality provision(s) of the particular agreements.

Denton Power, Landfill-Gas Combustor - In 2008, the City entered into a 16-year power purchase agreement with Denton Power, LLC. Under the agreement, the City purchases 1.6 MW of output from a landfill gas-fired electric generating facility located at the City's landfill. This contract was terminated in September 2020 when the City purchased the assets of Denton Power, LLC.

NextEra - In 2009, the City entered into a power purchase agreement for firm energy and associated renewable energy credits with NextEra Energy Power Marketing, LLC.

Santa Rita, Wind - In 2016, the City entered into a 20-year power purchase agreement for wind energy, capacity, and environmental attributes with Santa Rita Wind Energy, LLC.

NextEra - In 2015, the City entered into a 20-year power purchase agreement with Bluebell Solar Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City purchases solar energy, capacity, and environmental attributes commencing from the commercial operation date which was November 2018.

Engie - In 2018, the City entered into a 15-year power purchase agreement with Engie Long Draw Solar, LLC. Under the agreement, which is scheduled to end June 2035, the City will purchase 75 MW of solar generation and environmental attributes. The in-service date was December 29, 2020.

NextEra - In 2018, the City entered into a 15-year power purchase agreement with Bluebell Solar II Energy, LLC, a subsidiary of NextEra Energy, Inc. Under the agreement, the City will purchase 100 MW of solar generation and environmental attributes. Commercial operation was achieved on December 28, 2020.

Samson Solar - In 2018, subsequent to year-end, the City of Denton entered into a 15-year power purchase agreement with Samson Solar Energy, LLC. Under the agreement, which is scheduled to end in 2037, the city will purchase 75 MW of solar generation and environmental attributes. Projected in-service date is summer 2022.

Encumbrances

As discussed in note I.D., Budgetary information, encumbrances are utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the amount of encumbrances in governmental funds expected to be honored upon performance by the vendor in the next year were as follows:

General Fund	$ 1,732,934
Capital Projects Fund	53,974,286
Nonmajor Governmental Funds	2,034,143
Total	$ 57,741,363

F. Tax Abatements

The City enters into economic development incentive agreements with entities to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. Some agreements provide for an abatement of property taxes, while others provide for a rebate of a portion of sales and use tax or a portion of ad valorem (property) tax, as established per the agreements. The incentives are performance-based, and the City generally expects to receive increased revenue as a result of the agreements. These incentive agreements require approval by a City Council ordinance and are authorized under Chapter 312 (Property Redevelopment and Tax Abatement Act) of the Texas Tax Code and Chapter 380 of the Texas Local Government Code.

Property Tax Abatements

Tax abatements under Chapter 312 of the Texas Tax Code allow the City to designate tax reinvestment zones and negotiate tax abatement agreements with applicants. In 1990, the City Council adopted a resolution setting guidelines and criteria for granting abatements in the reinvestment zones which specifically notes incentives are limited to companies which create new wealth and do not adversely affect existing businesses operating within the City. The City is required to renew/adopt a Tax Abatement Policy every two years in accordance with Chapter 312 of the Texas Tax Code. The last policy was adopted in March of 2020. The abatement agreements authorize the appraisal districts to reduce the assessed value of the taxpayer's property by a percentage specified in the agreement, and the taxpayer will pay taxes on the lower assessed value during the term of the agreement. For the fiscal year ended September 30, 2020, the City abated property taxes totaling $200,574 under this program, as detailed in the following agreements:

- Peterbilt – In 2016, a 70% tax abatement agreement for a term of eight years was granted to Peterbilt Motors on new capital investments, including the construction of a new stand-alone 102,000 square foot building. The abatement amount for the current fiscal year was $170,517.
- West Gate Business Park (WGBP) – In 2016, a 60% tax abatement agreement for a term of ten years was granted to WGBP on new capital investments only to include Buildings 2 and 3 in the business park. WGBP could receive an additional 10% abatement for the location of a supplier to an existing primary industry and/or an additional 5% for the location of a national headquarters for a total abatement of up to 75%. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a full refund of all abatements previously granted plus interest. The abatement amount for the current fiscal year was $30,057.

The City has an additional abatement agreement not listed above becoming effective in future fiscal years should the grantee meet the obligations of the agreement. The agreement is for Tyson Sales and Distribution.

Chapter 380 Agreements

The City Council has the authority under Chapter 380 of the Texas Local Government Code to grant or loan City funds in order to accomplish specific economic development goals. These incentives are considered on a case-by-case basis. The City has target industry sectors for recruitment that will be given priority consideration: aviation/aerospace, advanced manufacturing, renewable energy, research and development, information technology, supply chain for existing primary employers, and significant consumers of municipal utilities. Consideration may also be given for projects causing infill redevelopment or other desirable development objectives and/or any other activity which the City Council determines meets a specific public purpose for economic development.

Each agreement is based on the contribution in sales, property, and/or hotel tax. For the fiscal year ended September 30, 2020, the City rebated sales taxes totaling $2,735,854, property taxes totaling $690,266 ($195,734 of which was paid out of the Westpark TIRZ No. Two), and hotel occupancy taxes totaling $462,775 as detailed in the following agreements:

- Denton Crossing – In 2001, an agreement was approved for the 500,000 square foot, $50 million Denton Crossing retail center. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $7,250,000 plus accrued interest. The tax rebates initiated in 2005 and terminated in 2020. The tax rebate amount for the current fiscal year was $421,200, which was the final rebate under this agreement.

- Unicorn Lake – In 2004, an agreement was approved for Unicorn Lake, an urban-style mixed-use development. The grantee receives one-third of the City sales tax, or 0.5%, generated by the project for a maximum of fifteen years as reimbursement for public improvement costs related to the project not to exceed $6,664,901 plus accrued interest. The tax rebates initiated in 2010 and will terminate in 2024. The tax rebate amount for the current fiscal year was $46,974.

- Rayzor Ranch – In 2007, an agreement was approved for the Rayzor Ranch mixed-use development. The 410-acre project will have over one million square feet of retail and will be built in two phases. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated by the project for public improvement costs, which include the widening of a state highway bisecting the project. The grantee will receive a maximum of $20 million over a 15 year term for phase one and a maximum of $48 million over a term of 20 years for phase two. An additional 15% of the City sales tax, or 0.225%, was added to both phases to offset the hotel and convention center costs until $5 million is reached. As of the current fiscal year, the tax rebate amount for phase one was $1,255,510 and the tax rebate amount for phase two was $765,244.

- Golden Triangle Mall – In 2011, an agreement was approved for a major renovation of the Golden Triangle Mall. A threshold of a minimum $45 to $65 million was required as an investment into the property to receive a one half share of the sales tax resulting from the renovations, less a monthly mall baseline amount established at $95,898. The total grant payments may not exceed 15.83% of the required investment. GTM Development has invested $49.5 million in the development. Tenant investments in the property amounted to $8.8 million, for a total invest of $58.3 million. Based on this total investment the total grant payment should not exceed $9.2 million. The tax rebates initiated in 2016 and will terminate in 2035. The tax rebate amount for the current fiscal year was $19,734. It should be noted that the rebate decreased due to the pandemic and the closure of DSW in August 2019. A Conn's and Fitness Connection have opened to fill the former Sears and DSW anchor sites.

- Mayday Manufacturing – In 2012, an agreement was approved for Mayday Manufacturing/Tailwind Technologies for the relocation of the business and expansion of a manufacturing facility. The agreement provides a 75% tax rebate on the increment of property tax revenue generated above the

base valuation for a period of ten years. In the event of a failure to meet the conditions of the agreement, an increased assessed value of real property of at least $3 million, the agreement provides for a 50% refund of all rebates previously granted. The tax rebate amount for the current fiscal year was $32,830.

- West Gate Business Park – In 2015, an agreement was approved for West Gate Business Park (WGBP) for industrial development and provided for a 70% rebate of increased City property tax revenue generated for a period of ten years. WGBP includes three multi-tenant buildings totaling 413,000 square feet of new industrial/manufacturing space in the City. In 2016 the agreement was amended to include a 70% rebate on Building 1 improvements and to add a one-time grant payment in the amount of $50,000. The tax rebate amount for the current fiscal year was $35,979.
- WinCo Foods – In 2015, an agreement was approved for WinCo Foods for a $135 million, 800,000 square foot distribution facility expected to create 165 jobs with an annual payroll of around $7.2 million. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 20-50% refund of all rebates previously granted, depending on the timing of a failure. WinCo received reimbursement for infrastructure financing from Water and Wastewater funds and a local sales and use tax grant for the construction and equipping of the facility in prior fiscal years, completing those portions of the agreement. The active portion of the agreement provides for the following:
    - A grant equal to 100% of the incremental property tax generated by the property and paid into the Tax Increment Fund by both the City and the County, paid annually until the full reimbursement of the project costs for public improvements is reached. The tax rebate amount out of the Westpark TIRZ No. Two for the current fiscal year was $195,734, with $141,679 being the City portion of the tax rebate and $54,055 being the County portion of the tax rebate.
    - A grant equal to 60% of City property taxes attributable to improvements resulting in an increase of assessed value of real property improvements and tangible personal property, paid annually until full reimbursement of the project costs for public improvements is reached. Once this full reimbursement is reached, the 60% property tax rebate will continue for a period of four years as long as the increase in investment in improvements is $50 million excluding purchase price of the property. The tax rebate amount for the current fiscal year was $270,401.
- O'Reilly Hotel Partners Denton – In 2015, an agreement was approved for O'Reilly Hotel Partners Denton for a convention center with a hotel and restaurant located in the Rayzor Ranch Town Center. The agreement includes a 100% rebate of the property tax (excluding land, inventory, vehicles, and supplies), hotel occupancy tax, and sales tax generated by the project. The term is for a maximum of 25 years or a combined principal ($28 million) and interest ($26 million) amount of $54 million is reached, whichever comes first. The agreement also includes 100% rebate of the construction sales tax up to $850,000, then 50% thereafter. The construction sales tax rebate portion of the agreement was completed in fiscal year 2018. In the event of a failure to meet the conditions of the agreement, the agreement provides for a 100% refund of all rebates granted in the previous year. The sales tax, property tax, and hotel occupancy tax rebate amounts for the current fiscal year were $46,398, $155,322, and $462,775, respectively.
- Buc-ee's Travel Center – In 2015, an agreement was approved for Buc-ee's Travel Center. The agreement provides a sales tax reimbursement of one half of the City sales tax, or 0.75%, generated from businesses located within the property boundaries for a five year period. At the conclusion of the

sales tax reimbursement term, the City has agreed to a one-time cash grant payment of $2 million minus the total sales tax previously reimbursed, only if the grantee has not received a full $2 million in sales tax reimbursements. In addition, at the conclusion of the sales tax reimbursement term, the agreement provides a sales tax reimbursement infrastructure grant of one half of the City sales tax, or 0.75%, generated by the Buc-ee's Travel Center and developed outparcels that contain sit-down restaurants or retail establishments for a period of twenty years. The City has also agreed to pay the grantee one quarter of the City sales tax, or 0.375%, generated by outparcels not included in the previously mentioned infrastructure grant, including fast food restaurants and drive-through uses. The tax rebate amount for the current fiscal year was $180,795.

The City has one additional Chapter 380 agreement not listed above becoming effective in future fiscal years should the grantee meet the obligations of the agreement. The agreement is for United States Cold Storage.

G. Litigation

Various claims and lawsuits are pending against the City. In accordance with GAAP, those judgments considered "probable" are accrued (see case below), while those claims and judgments considered "reasonably possible" are disclosed but not accrued. In the opinion of City management and legal counsel, the maximum amount of all significant claims considered reasonably possible, excluding condemnation proceedings and the item described following, is approximately $500,000 as of September 30, 2020. Potential losses after insurance coverage on all probable claims and lawsuits will not have a material effect on the City's financial position as of September 30, 2020.

Michael Grim and Jim Maynard v. City of Denton

This case is a whistleblower retaliation lawsuit that was tried before a Dallas County jury. After a lengthy trial, involving disputed issues of law that were properly preserved for appeal, the jury awarded roughly $4.0 million in damages to the two plaintiffs, and the City has filed an appeal. Plaintiffs alleged that their terminations were in retaliation for their report to the City Attorney of an individual City Council member's release of proprietary vendor data to the press. The City's position was that Plaintiffs were actually fired at will for lying to management about their participation in hunting and fishing trips with the vendors who ultimately won the bids on a city project. Based on the current jury judgment, the City has accrued the $4 million as a long-term liability in the Electric fund, even though the trial court's final judgment reduced the jury verdict to $2.7 million by the application of statutory caps on damages. It is possible that the judgment may be reversed or modified on appeal.

H. Subsequent Events

The City has evaluated all events or transactions that occurred after September 30, 2020 up through March 12, 2021, the date the financial statements were issued.

Debt Issuance

In December 2020, the City issued $14,150,000 ($12,735,000 of which is included as part of business-type activities) of general obligation refunding bonds. The bonds' reacquisition price exceeded the net carrying amount of the old debt by $340,776, ($310,802 of which is reported as a loss in business-type activities). This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This current refunding was undertaken to reduce total debt service payments over 10 years by $3,624,333 and resulted in a net present value savings of $3,444,385.

Weather Event and the Electric Industry

The State of Texas has recently experienced unprecedented freezing temperatures that put pressure on the availability of electric power within the State during the period beginning on Saturday, February 13, 2021 through Friday, February 19, 2021 (the "Weather Event"). Due to the prolonged freezing temperatures, energy demand far exceeded the generation available across the State of Texas. Additionally, the cold weather also

caused some of the electric producing facilities in the Electric Reliability Council of Texas ("ERCOT") service area to experience mechanical failures of the equipment needed to provide and distribute the energy.

The power outages affected many municipally-owned and privately-owned utilities in the State, including the City's Electric Utility System. Due to the high demand for power and the limited availability of the power, the purchase price for power increased dramatically during the period of the Weather Event. These energy price increases have resulted in utilities, including the System, needing to access their financial reserves to make payment to ERCOT for the power purchased necessary to service their customers.

Over the period from February 16 to March 1, 2021, the City paid over $210.1 million to ERCOT for electric power and received from ERCOT payments for electric power generated by the City and other credits of approximately $76.3 million, for a net expenditure of approximately $133.8 million during this period. These power purchases are unparalleled, and the 14-day total far exceeds typical costs for an entire year for the City. As a comparison, the electric power purchase expenses for the City were $97,075,122 for fiscal year 2019 and $63,764,110 for fiscal year 2020. In addition, the price of natural gas, which is used as fuel for the City's electric generating facilities, increased dramatically during the period of the Weather Event.

As of February 14, 2021, the City's Electric Fund balance was approximately $105 million. Prior to the Weather Event, the Electric Fund was considered fully-funded in accordance with the City's fund balance policy, which provides for a minimum fund balance of $48.5 million, and substantial to meet unforeseen operational needs. Since the beginning of the Weather Event, the City evaluated all options to make available the cash necessary for power expenses. To meet immediate cash flow needs for electric power purchases, the City utilized cash in the Electric Fund and issued $100 million of Extendable Commercial Paper ("ECP") Notes on Friday, February 19, 2021. The maximum principal amount of ECP Notes that may be outstanding, as approved by City Council ordinance, is $300 million to provide additional capacity for additional electric power purchases, replenishing reserves used for power purchases, and for other authorized purposes under the ECP Note program. The ECP Notes may be "rolled" by the City with new ECP Notes issued under the program, or the City may refund the ECP Notes with long-term bonds, allowing the costs to be recovered over multiple years instead of realizing the substantial cost in the short term, if the City determines that would be in its best interests.

The extreme electric power prices during the Weather Event caused numerous retail electric provider market participants located in the service area of ERCOT to be unable to pay the amount owed to ERCOT for that power. The City has received notice from ERCOT that if ERCOT market participants "short-pay" amounts due for power purchases, then, because of unavailability of adequate funds to fully pay generation market participants, the other market participants, including the City, will be required to pay their proportionate share of the amounts owed by the defaulting party or parties through a mechanism in the ERCOT protocols known as "uplift." The City filed a lawsuit against ERCOT on February 25, 2021, in the District Court of Denton County, Texas, asking for temporary and permanent injunctions on payment by the City for short-pay amounts by others. The court granted a temporary restraining order on that date in favor of the City, which is being challenged by ERCOT. The City cannot predict the likelihood of success of the litigation against ERCOT or the amounts the City would be required to pay under the uplift mechanism.

The City is reviewing the impact that the Weather Event has had on the System and its financial condition. On the date of these financial statements, the City is unable to predict the full scope or impact that the Weather Event may have on the System or the City in general. The City will continue to review options to address and manage the financial impact of the Weather Event, which could include the issuance of additional ECP Notes to provide short term liquidity and cash flow relief, federal or state financial assistance, or other financial arrangements designed to address the need.

The 87th Regular Session of the Texas Legislature (the "87th Session") is currently in session. The Governor and Lieutenant Governor of the State, among other legislators, have identified ERCOT reform and power grid stability as priorities during the 87th Session as a result of the Weather Event. The City cannot make any representations regarding what actions will be taken by the 87th Legislature and how any such actions may impact the System.

Rating Agency Actions

On February 26, 2021, Standard & Poor's ("S&P"), confirmed and assigned a short-term rating of "A-1+" on the ECP Notes in conjunction with the increase in the size of the ECP Note program from $100 million to $300 million. See "Ratings" herein. On February 26, 2021, S&P also confirmed its "AA-" long-term rating on the City's outstanding System revenue bonds but revised the outlook to negative from stable.

On February 24, 2021, Fitch Ratings ("Fitch") announced that it was placing all Texas public power utilities and electric cooperatives on rating watch negative. As a result, the City's outstanding System revenue bonds are now rated "A+" (Rating Watch Negative) by Fitch. Fitch does not provide a rating on the ECP Notes.

I. New Accounting Pronouncements

The following statements for the GASB are effective for future fiscal years ending as listed below. The City is in the process of reviewing and evaluating these statements and their potential impact on the City's financial statements.

Statement No. 84 "*Fiduciary Activities"* – This Statement improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus is generally on whether a government is controlling the assets of the fiduciary activity and on the beneficiaries with whom a fiduciary relationship exists. This Statement will become effective for the City in fiscal year 2021.

Statement No. 87 "*Leases"* – This Statement is to improve the accounting and financial reporting for leases by governments by requiring recognition of certain lease assets and liabilities previously classified as operating leases. It establishes a single model for lease accounting based on the principle that leases are financing the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, enhancing the relevance and consistency of information about leasing activities. This Statement will become effective for the City in fiscal year 2022.

Statement No. 89 "*Accounting for Interest Cost Incurred before the End of a Construction Period*" – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. This Statement requires these interest costs be recognized as an expense in the period in which the cost is incurred instead of being included in the cost of capital assets reported in a business-type activity or enterprise fund. This Statement will become effective for the City in fiscal year 2021.

Statement No. 90 "*Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61*" – This Statement defines a majority equity interest in a legally separate organization, establishes financial consistency and comparability of reporting a government's majority equity interest, and improve the relevance of financial statement information for certain component units. This Statement will become effective for the City in fiscal year 2021.

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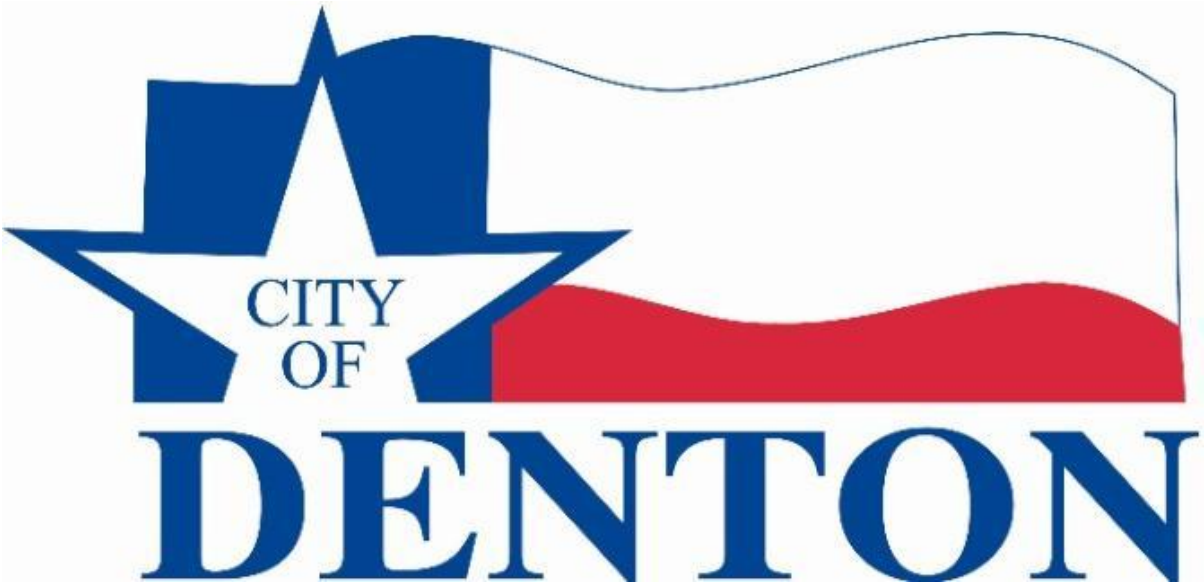

CITY
OF
DENTON

CITY OF DENTON, TEXAS **Exhibit XII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:						
Service Cost	$ 10,667,694	$ 12,615,957	$ 13,925,238	$ 14,514,171	$ 14,990,529	$ 16,283,811
Interest (on the total pension liability)	25,182,941	26,905,700	27,656,654	29,543,513	31,468,411	33,434,342
Difference between expected and actual experience	(171,241)	(1,525,911)	763,589	1,514,980	1,255,443	2,005,979
Change of assumptions	-	(428,789)	-	-	-	1,438,798
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)	(20,234,184)
Net change in total pension liability	24,291,777	24,869,222	29,322,151	29,223,020	29,476,344	32,928,746
Total pension liability - beginning	360,116,261	384,408,038	409,277,260	438,599,411	467,822,431	497,298,775
Total pension liability - ending (a)	$ 384,408,038	$ 409,277,260	$ 438,599,411	$ 467,822,431	$ 497,298,775	$ 530,227,521
Plan fiduciary net position:						
Contributions - employer	$ 13,065,763	$ 13,615,410	$ 14,046,860	$ 14,821,752	$ 15,107,443	$ 16,255,126
Contributions - employee	4,991,415	5,365,231	5,712,464	6,014,227	6,175,407	6,693,287
Net investment income	16,867,596	469,530	21,947,635	48,954,660	(12,175,765)	61,399,432
Benefit payments, including refunds of employee contributions	(11,387,617)	(12,697,735)	(13,023,330)	(16,349,644)	(18,238,039)	(20,234,184)
Administrative expense	(176,083)	(285,957)	(247,766)	(253,578)	(235,169)	(346,657)
Other	(14,477)	(14,123)	(13,349)	(12,851)	(12,287)	(10,413)
Net change in plan fiduciary net position	23,346,597	6,452,356	28,422,514	53,174,566	(9,378,410)	63,756,591
Plan fiduciary net position - beginning	294,819,596	318,166,193	324,618,549	353,041,063	406,215,629	396,837,219
Plan fiduciary net position - ending (b)	$ 318,166,193	$ 324,618,549	$ 353,041,063	$ 406,215,629	$ 396,837,219	$ 460,593,810
Net pension liability - ending (a) - (b)	$ 66,241,845	$ 84,658,711	$ 85,558,348	$ 61,606,802	$ 100,461,556	$ 69,633,711
Plan fiduciary net position as a percentage of total pension liability	82.77%	79.32%	80.49%	86.83%	79.80%	86.87%
Covered payroll	$ 71,025,494	$ 76,646,157	$ 81,481,789	$ 85,227,078	$ 88,179,581	$ 95,618,386
Net pension liability as a percentage of covered payroll	93.26%	110.45%	105.00%	72.29%	113.93%	72.82%

[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

CITY OF DENTON, TEXAS **Exhibit XIII**
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Actuarially Determined Contributions	(b) Contributions in Relation to the Actuarially Determined Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2011	11,580,085	9,579,358	(2,000,727)	58,139,688	16.48%
2012	11,475,702	10,435,001	(1,040,701)	60,340,212	17.29%
2013	12,174,640	12,171,482	(3,158)	64,940,234	18.74%
2014	12,912,746	12,911,461	(1,285)	69,872,024	18.48%
2015	13,507,272	13,507,272	-	75,379,632	17.92%
2016	14,435,638	14,435,638	-	83,127,601	17.37%
2017	14,648,606	14,648,606	-	84,753,377	17.28%
2018	14,931,800	14,931,800	-	86,832,074	17.20%
2019	16,035,042	16,035,042	-	94,158,313	17.03%
2020	17,562,597	17,562,597	-	101,964,029	17.22%

Notes to Schedule:
Actuarial determined contribution rates are calculated as of December 31st and become effective in January, 13 months later. Contributions above do not include contributions into the supplemental death benefit fund.

Methods and assumptions used to determine contribution rate for 2020:

Actuarial Cost Method	**Entry Age Normal**
Amortization Method	**Level Percentage of Payroll, Closed**
Remaining Amortization Period	**26 Years (Equivalent Single Amortization Period of 15.6 years)**
Asset Valuation Method	**10 Year Smoothed Market; 12% Soft Corridor**
Inflation	**2.50%**
Salary Increases	**3.50% to 11.50% including inflation**
Investment Rate of Return	**6.75%**
Retirement Age	**Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.**
Mortality	**Post-retirement: 2019 Municipal Retiress of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.**
	Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employees table used for females. The rates are projected on a fully generational basis with scale UMP.
Other	**There were not benefit changes during the year**

CITY OF DENTON, TEXAS **Exhibit XIV**
REQUIRED SUPPLEMENTARY INFORMATION
DENTON FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST SIX FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2014	Measurement Year 2015	Measurement Year 2016	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total pension liability:						
Service Cost	$ 2,747,253	$ 2,836,263	$ 3,089,911	$ 3,182,608	$ 3,615,495	$ 3,723,960
Interest (on the total pension liability)	5,685,396	5,998,959	6,135,588	6,493,255	7,049,261	7,497,583
Difference between expected and actual experience	-	(2,063,421)	-	2,040,716	-	1,526,958
Change of assumptions	-	2,331,908	-	-	-	3,446,011
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)	(4,206,975)
Net change in total pension liability	4,396,640	5,055,351	4,955,493	7,947,750	6,608,900	11,987,537
Total pension liability - beginning	80,490,694	84,887,334	89,942,685	94,898,178	102,845,928	109,454,828
Total pension liability - ending (a)	$ 84,887,334	$ 89,942,685	$ 94,898,178	$ 102,845,928	$ 109,454,828	$ 121,442,365
Plan fiduciary net position:						
Contributions - employer	$ 2,566,875	$ 2,567,219	$ 2,759,844	$ 2,979,807	$ 3,434,007	$ 3,639,740
Contributions - employee	1,745,419	1,803,064	1,997,155	2,142,990	2,338,837	2,478,958
Net investment income	4,411,066	(3,287,188)	6,935,215	8,793,234	(183,148)	15,141,275
Benefit payments, including refunds of employee contributions	(4,036,009)	(4,048,358)	(4,270,006)	(3,768,829)	(4,055,856)	(4,206,975)
Administrative expense	(81,005)	(76,538)	(94,175)	(63,669)	(87,899)	(71,427)
Net change in plan fiduciary net position	4,606,346	(3,041,801)	7,328,033	10,083,533	1,445,941	16,981,571
Plan fiduciary net position - beginning	66,412,172	71,018,518	67,976,717	75,304,750	85,388,283	86,834,224
Plan fiduciary net position - ending (b)	$ 71,018,518	$ 67,976,717	$ 75,304,750	$ 85,388,283	$ 86,834,224	$ 103,815,795
Net pension liability - ending (a) - (b)	$ 13,868,816	$ 21,965,968	$ 19,593,428	$ 17,457,645	$ 22,620,604	$ 17,626,570
Plan fiduciary net position as a percentage of total pension liability	83.66%	75.58%	79.35%	83.03%	79.33%	85.49%
Covered payroll	$ 14,238,486	$ 14,310,032	$ 15,850,437	$ 17,007,857	$ 18,562,198	$ 19,674,270
Net pension liability as a percentage of covered payroll	97.40%	153.50%	123.61%	102.64%	121.86%	89.59%

[1]**Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.**

CITY OF DENTON, TEXAS **Exhibit XV**
REQUIRED SUPPLEMENTARY INFORMATION
FIREMEN'S RELIEF AND RETIREMENT FUND
SCHEDULE OF CONTRIBUTIONS
LAST TEN FISCAL YEARS (Unaudited)

Fiscal Year	(a) Annual Required Contributions	(b) Contributions in Relation to the Annual Required Contributions	(c) Contribution Excess (Deficiency) (b) - (a)	(d) Covered Payroll	Contributions as a Percentage of Covered Payroll (b)/(d)
2010	1,976,419	1,976,419	-	13,070,041	15.12%
2011	2,141,662	2,141,662	-	12,828,446	16.69%
2012	2,253,667	2,253,667	-	12,899,800	17.47%
2013	2,579,453	2,579,453	-	13,629,825	18.93%
2014	2,576,652	2,576,652	-	13,828,070	18.63%
2015	2,535,719	2,535,719	-	14,029,051	18.07%
2016	2,819,046	2,819,046	-	15,540,826	18.14%
2017	2,924,757	2,924,757	-	16,747,217	17.46%
2018	3,310,248	3,310,248	-	18,080,014	18.31%
2019	3,610,711	3,610,711	-	19,517,358	18.50%
2020	3,838,014	3,838,014	-	20,746,026	18.50%

Notes to Schedule:
Annual required contributions are not actuarially determined. According to a City ordinance, since December 2017 the City contributes to the Firemen's Relief and Retirement Fund at the rate of 18.5%, the assumed actuarial valuation rate over the unfunded liability amortization period.

While the contribution requirements are not actuarially determined, state law requires an actuary certify the assumed City contribution rate is adequate. Methods and assumptions used to contribution adequacy in the December 31, 2019 actuarial valuation:

Actuarial Cost Method	**Entry Age**
Amortization Method	**Level Percentage of Payroll, Open**
Remaining Amortization Period	**18.3 Years**
Asset Valuation Method	**5-year smoothing**
Inflation	**2.50%**
Salary Increases	**3.00% annual general compensation increase plus promotion, step, and longevity increases which average 1.98% per year over a 30-year career**
Investment Rate of Return	**6.75%, net of pension plan investment expense, including inflation**
Retirement Age	**Average expected age at retirement of 57**
Mortality	**PubS-2010 (public safety) total dataset mortality tables for employees and for retirees (sec distinct), projected for morality improvement generationally using the projection scale MP-2019**

CITY OF DENTON, TEXAS **Exhibit XVI**
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OTHER POST-EMPLOYMENT BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST THREE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:			
Service Cost	$ 1,750,172	$ 1,995,008	$ 2,052,606
Interest (on the total OPEB liability)	1,360,179	1,329,949	1,507,925
Difference between expected and actual experience	-	(150,485)	(1,512,289)
Change of assumptions or other inputs	2,067,787	(1,724,923)	1,444,810
Benefit payments	(742,818)	(899,361)	(1,126,992)
Net change in total OPEB liability	4,435,320	550,188	2,366,060
Total OPEB liability - beginning	35,196,570	39,631,890	40,182,078
Total OPEB liability - ending	$ 39,631,890	$ 40,182,078	$ 42,548,138
Covered-employee payroll	$ 104,783,403	$ 109,480,718	$ 118,063,295
Net pension liability as a percentage of covered-employee payroll	37.82%	36.70%	36.04%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

Methods and assumptions used to determine contribution rate for 2020:

Actuarial cost method	**Individual Entry-Age Normal**
Discount rate	**2.75% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2019.) The prior year discount rate was 3.71%.**
Inflation rate	**2.50%**
Projected salary increases	**3.5% to 11.5% for TMRS and 3.00% to 9.18% for Fire, including inflation**
Demographic assumptions	**Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS) and the assumptions used in the December 31, 2019 actuarial valuation for the Denton Firemen's Relief and Retirement Fund.**
Healthcare trend rates	**Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.**
Mortality	**TMRS: For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.** **Fire: For healthy retirees, the gender-distinct PubS-2010 (safety employees) total data set mortality tables are used. The rates are projected on a fully generational basis using the project scale MP-2019.**
Participation rates	**60% for employees retiring at age 65 or older;** **45% for employees retiring between the ages of 50 and 64;** **5% for employees retiring between the ages of 45 and 49;** **0% for employees retiring before the ages of 45.**

CITY OF DENTON, TEXAS **Exhibit XVII**

REQUIRED SUPPLEMENTARY INFORMATION

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT FUND

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST THREE FISCAL YEARS (PREVIOUS YEARS ARE NOT AVAILABLE)[1]

	Measurement Year 2017	Measurement Year 2018	Measurement Year 2019
Total OPEB liability:			
Service Cost	$ 144,886	$ 176,359	$ 152,989
Interest (on the total OPEB liability)	106,885	110,831	130,143
Difference between expected and actual experience	-	155,143	(284,991)
Change of assumptions or other inputs	270,541	(247,941)	680,198
Benefit payments	(17,045)	(17,636)	(28,686)
Net change in total OPEB liability	505,267	176,756	649,653
Total OPEB liability - beginning	2,763,726	3,268,993	3,445,749
Total OPEB liability - ending	$ 3,268,993	$ 3,445,749	$ 4,095,402
Covered-employee payroll	$ 85,227,078	$ 88,179,581	$ 95,618,386
Net pension liability as a percentage of covered-employee payroll	3.84%	3.91%	4.28%

[1]Schedule is intended to present information for ten years. Additional years of information will be presented as they become available.

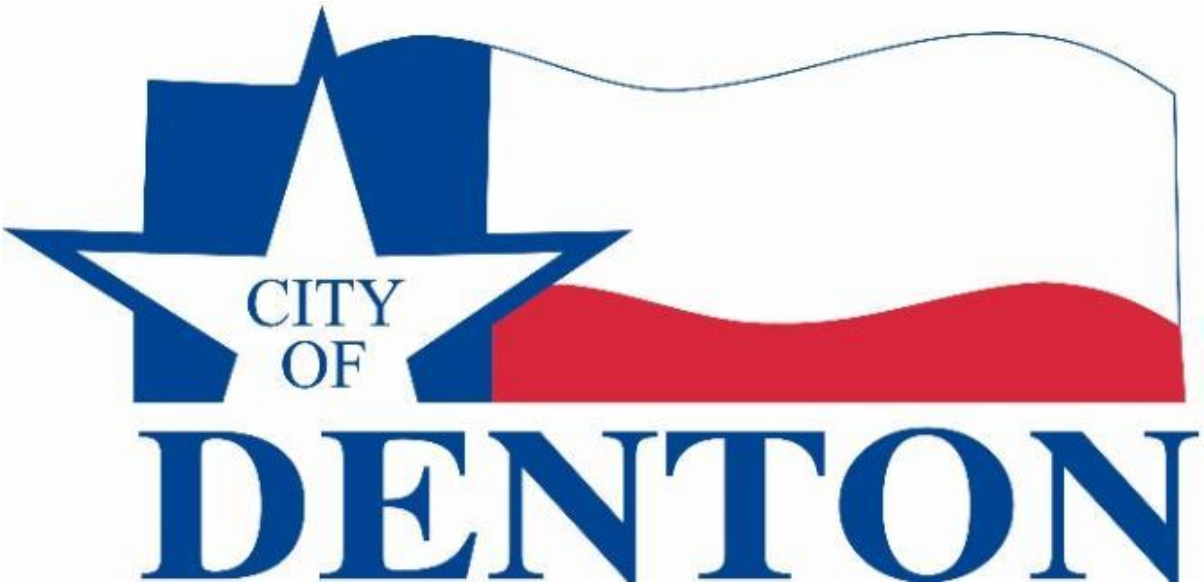
Methods and assumptions used to determine contribution rate for 2020:

Inflation rate	**2.50% per annum**
Discount rate	**2.75% (Based on the Fidelity Index's "20-Year Municipal GO AA Index" rates as of December 31, 2019.) The prior year discount rate was 3.71%.**
Actuarial cost method	**Entry Age Normal**
Projected salary increases	**3.5% to 11.5% including inflation**
Retirees' share of benefit-related costs	**$0**
Administrative expenses	**All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB No. 68.**
Mortality rates - service retirees	**2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.**
Mortality rates - disabled retirees	**2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.**

CITY OF DENTON, TEXAS **Exhibit XVIII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
DEBT SERVICE FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 25,543,391	$ 25,543,391	$ 25,663,300	$ -	$ 25,663,300	$ 119,909
Investment revenue	275,000	275,000	376,947	-	376,947	101,947
Total revenues	25,818,391	25,818,391	26,040,247	-	26,040,247	221,856
EXPENDITURES:						
Debt service:						
Principal, interest and fiscal charges	91,840,719	91,840,719	26,297,487	65,541,412	91,838,899	1,820
Bond issuance costs	-	-	8,780	(8,780)	-	-
Total expenditures	91,840,719	91,840,719	26,306,267	65,532,632	91,838,899	1,820
Excess (deficiency) of revenues over (under) expenditures	(66,022,328)	(66,022,328)	(266,020)	(65,532,632)	(65,798,652)	223,676
OTHER FINANCING SOURCES (USES):						
Refunding bonds issued	-	-	2,490,000	(2,490,000)	-	-
Payment to refunded bond escrow agent	-	-	(2,973,354)	2,973,354	-	-
Premium on debt issuance	-	-	493,131	(493,131)	-	-
Transfers in	65,620,785	65,620,785	128,125	65,541,412	65,669,537	48,752
Total other financing sources (uses)	65,620,785	65,620,785	137,902	65,531,635	65,669,537	48,752
Net change in fund balance	(401,543)	(401,543)	(128,118)	(997)	(129,115)	272,428
Fund balance at beginning of year	5,453,180	5,453,180	5,453,180	-	5,453,180	-
Fund balance at end of year	$ 5,051,637	$ 5,051,637	$ 5,325,062	$ (997)	$ 5,324,065	$ 272,428

Adjustments - Budgetary Basis are pass-through debt service payments budgeted as transfers in from enterprise and internal service funds.
Other Financing Sources (Uses) related to refunding are adjusted out as they are non-budgeted items reducing future debt service payments.


CITY
OF
DENTON

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Community Development Block Grant (CDBG) – to account for the operations of projects utilizing Community Development Block Grant Funds. Such revenues are restricted to expenditures for specified projects by the Department of Housing and Urban Development.

Recreation – to account for the revenues and expenditures for the recreation programs that are self-supporting. All expenditures will be reimbursed 100%. Various business operations, such as concessions, fall into this account.

Criminal Justice – to account for revenue received from the State of Texas Criminal Justice Division and other grants administered by the police department.

Police Confiscation – to account for revenues received from confiscated goods. Expenditures are restricted to enhancing law enforcement.

Tourist and Convention – to account for taxes received from hotel and motel occupancy for the purpose of promoting tourism.

Street Improvement – to account for street maintenance and improvement activities.

Gas Well Revenues – to account for the receipt of royalty, pooling, tax, and lease revenue related to park gas wells.

Citizens' Park Trusts – to account for several small trust funds that are for park development.

All Other – to account for miscellaneous special revenue sources that are required to finance specific activities.

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2020

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
ASSETS					
Cash, cash equivalents and investments, at fair value	$ -	$ 601,900	$ -	$ 509,547	$ 1,267,205
Receivables (net of allowances):					
Taxes	-	-	-	-	167,631
Accrued interest	-	1,484	-	1,258	3,133
Other	-	8,008	-	-	-
Due from other governments	808,126	-	28,960	-	-
Total assets	$ 808,126	$ 611,392	$ 28,960	$ 510,805	$ 1,437,969
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	42,283	213,524	7,495	-	99,512
Interfund payables	475,233	-	21,465	-	-
Unearned revenues	-	-	-	-	-
Total liabilities	517,516	213,524	28,960	-	99,512
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - intergovernmental	-	3,911	21,045	-	-
Total deferred inflows of revenues	-	3,911	21,045	-	-
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	-	-	-	-
Streets and drainage projects	-	-	-	-	-
Other grants and purposes	290,610	-	-	510,805	1,338,457
Committed to:					
Streets	-	-	-	-	-
Parks and recreation	-	393,957	-	-	-
Other purposes	-	-	-	-	-
Assigned to:					
Other purposes	-	-	-	-	-
Unassigned	-	-	(21,045)	-	-
Total fund balance (deficit)	290,610	393,957	(21,045)	510,805	1,338,457
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 808,126	$ 611,392	$ 28,960	$ 510,805	$ 1,437,969

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XIX**
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (concluded)
AS OF SEPTEMBER 30, 2020

	Special Revenue Funds				Total
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	Nonmajor Governmental Funds
ASSETS					
Cash, cash equivalents and investments, at fair value	$ 4,876,322	$ 47,557	$ 7,688,225	$ 15,010,907	$ 30,001,663
Receivables (net of allowances):	-				
Taxes	-	-	-	-	167,631
Accrued interest	12,040	117	18,982	32,132	69,146
Other	-	6,355	-	86,472	100,835
Due from other governments	-	-	-	1,473,705	2,310,791
Total assets	$ 4,888,362	$ 54,029	$ 7,707,207	$ 16,603,216	$ 32,650,066
LIABILITIES AND FUND BALANCES					
LIABILITIES:					
Accounts payable	384,724	-	-	319,155	1,066,693
Interfund payables	-	-	-	-	496,698
Unearned revenues	-	-	-	2,842,442	2,842,442
Total liabilities	384,724	-	-	3,161,597	4,405,833
DEFERRED INFLOWS OF RESOURCES:					
Unavailable revenue - intergovernmental	-	-	-	1,017,215	1,042,171
Total deferred inflows of revenues	-	-	-	1,017,215	1,042,171
FUND BALANCES (DEFICIT):					
Restricted for:					
Parks and recreation	-	54,029	7,707,207	127,731	7,888,967
Streets and drainage projects	-	-	-	6,464,819	6,464,819
Other grants and purposes	-	-	-	3,564,683	5,704,555
Committed to:					
Streets	4,503,638	-	-	-	4,503,638
Parks and recreation	-	-	-	-	393,957
Other purposes	-	-	-	3,233,556	3,233,556
Assigned to:					
Other purposes	-	-	-	181	181
Unassigned	-	-	-	(966,566)	(987,611)
Total fund balance (deficit)	4,503,638	54,029	7,707,207	12,424,404	27,202,062
Total liabilities, deferred inflows of resources, and fund balances (deficit)	$ 4,888,362	$ 54,029	$ 7,707,207	$ 16,603,216	$ 32,650,066

(concluded)

CITY OF DENTON, TEXAS **Exhibit XX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds				
	Community Development Block Grant	Recreation	Criminal Justice	Police Confiscation	Tourist and Convention
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ -	$ 2,142,483
Franchise fees	-	-	-	-	-
Fines and forfeitures	-	-	-	339,783	-
Fees for services	-	750,115	-	-	-
Investment revenue	-	17,261	-	7,844	36,554
Intergovernmental	1,502,905	-	90,725	-	-
Miscellaneous	222,538	9,642	-	37,441	-
Total revenues	1,725,443	777,018	90,725	385,068	2,179,037
EXPENDITURES:					
Current:					
General government	1,624,664	-	-	-	2,831,495
Public safety	-	-	110,643	64,337	-
Public works	-	-	-	-	-
Parks and recreation	-	4,169,787	-	-	-
Capital outlay	-	12,328	-	206,288	-
Total expenditures	1,624,664	4,182,115	110,643	270,625	2,831,495
				I	
Excess (deficiency) of revenues over (under) expenditures	100,779	(3,405,097)	(19,918)	114,443	(652,458)
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	-	-	-	-	-
Transfers in	-	3,510,698	-	-	8,302
Transfers out	-	(84,399)	-	-	(50,000)
Total other financing sources (uses)	-	3,426,299	-	-	(41,698)
Net change in fund balances	100,779	21,202	(19,918)	114,443	(694,156)
Fund balance (deficit) at beginning of year	189,831	372,755	(1,127)	396,362	2,032,613
Fund balance (deficit) at end of year	$ 290,610	$ 393,957	$ (21,045)	$ 510,805	$ 1,338,457

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XX**
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (concluded)
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Street Improvement	Gas Well Revenues	Citizens' Park Trusts	All Other	
REVENUES:					
Tax revenue	$ -	$ -	$ -	$ 1,268,990	$ 3,411,473
Franchise fees	13,306,582	-	-	-	13,306,582
Fines and forfeitures	-	-	-	1,448	341,231
Fees for services	369,549	46,348	1,199,972	1,158,818	3,524,802
Investment revenue	69,958	311	133,411	151,529	416,868
Intergovernmental	-	-	-	1,865,113	3,458,743
Miscellaneous	7,562	-	-	3,328,009	3,605,192
Total revenues	13,753,651	46,659	1,333,383	7,773,907	28,064,891
EXPENDITURES:					
Current:					
General government	-	-	-	1,773,418	6,229,577
Public safety	-	-	-	1,247,202	1,422,182
Public works	10,899,449	-	-	-	10,899,449
Parks and recreation	-	-	3,550	51,222	4,224,559
Capital outlay	-	-	404,179	1,510,589	2,133,384
Total expenditures	10,899,449	-	407,729	4,582,431	24,909,151
Excess (deficiency) of revenues over (under) expenditures	2,854,202	46,659	925,654	3,191,476	3,155,740
OTHER FINANCING SOURCES (USES):					
Sale of capital assets	35,762	-	-	-	35,762
Transfers in	1,184,582	-	-	450,286	5,153,868
Transfers out	(3,012,640)	(141,000)	-	(2,281,958)	(5,569,997)
Total other financing sources (uses)	(1,792,296)	(141,000)	-	(1,831,672)	(380,367)
Net change in fund balances	1,061,906	(94,341)	925,654	1,359,804	2,775,373
Fund balance (deficit) at beginning of year	3,441,732	148,370	6,781,553	11,064,600	24,426,689
Fund balance (deficit) at end of year	$ 4,503,638	$ 54,029	$ 7,707,207	$ 12,424,404	$ 27,202,062

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXI**

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

SPECIAL REVENUE FUNDS: RECREATION FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for services	$ 2,251,295	$ 2,251,295	$ 750,115	$ -	$ 750,115	$ (1,501,180)
Investment revenue	2,000	2,000	17,261	-	17,261	15,261
Miscellaneous	41,474	41,474	9,642	-	9,642	(31,832)
Total revenues	2,294,769	2,294,769	777,018	-	777,018	(1,517,751)
EXPENDITURES:						
Current:						
Parks and recreation	5,990,722	5,990,722	4,169,787	(719,762)	3,450,025	2,540,697
Capital outlay	-	-	12,328	-	12,328	(12,328)
Total expenditures	5,990,722	5,990,722	4,182,115	(719,762)	3,462,353	2,528,369
Excess (deficit) of revenues over (under) expenditures	(3,695,953)	(3,695,953)	(3,405,097)	719,762	(2,685,335)	1,010,618
OTHER FINANCING SOURCES (USES):						
Transfers in	4,228,056	4,228,056	3,510,698	-	3,510,698	(717,358)
Transfers out	(793,873)	(793,873)	(84,399)	(719,762)	(804,161)	(10,288)
Total other financing sources (uses)	3,434,183	3,434,183	3,426,299	(719,762)	2,706,537	(727,646)
Net change in fund balance	(261,770)	(261,770)	21,202	-	21,202	282,972
Fund balance at beginning of year	372,755	372,755	372,755	-	372,755	-
Fund balance at end of year	$ 110,985	$ 110,985	$ 393,957	$ -	$ 393,957	$ 282,972

Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: POLICE CONFISCATION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fines and forfeitures	$ -	$ -	$ 339,783	$ -	$ 339,783	$ 339,783
Investment revenue	-	-	7,844	-	7,844	7,844
Miscellaneous	-	-	37,441	-	37,441	37,441
Total revenues	-	-	385,068	-	385,068	385,068
EXPENDITURES:						
Current:						
Public safety	80,000	80,000	64,337	-	64,337	15,663
Capital outlay	97,105	97,105	206,288	-	206,288	(109,183)
Total expenditures	177,105	177,105	270,625	-	270,625	(93,520)
Net change in fund balance	(177,105)	(177,105)	114,443	-	114,443	291,548
Fund balance at beginning of year	396,362	396,362	396,362	-	396,362	-
Fund balance at end of year	$ 219,257	$ 219,257	$ 510,805	$ -	$ 510,805	$ 291,548

CITY OF DENTON, TEXAS **Exhibit XXIII**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: TOURIST AND CONVENTION FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Taxes	$ 3,375,164	$ 3,375,164	$ 2,142,483	$ -	$ 2,142,483	$ (1,232,681)
Investment revenue	-	-	36,554	-	36,554	36,554
Total revenues	3,375,164	3,375,164	2,179,037	-	2,179,037	(1,196,127)
EXPENDITURES:						
Current:						
General government	3,416,493	3,416,493	2,831,495	-	2,831,495	584,998
Total expenditures	3,416,493	3,416,493	2,831,495	-	2,831,495	584,998
Excess (deficit) of revenues over (under) expenditures	(41,329)	(41,329)	(652,458)	-	(652,458)	(611,129)
OTHER FINANCING SOURCES (USES):						
Transfers in	-	-	8,302	-	8,302	8,302
Transfers out	-	-	(50,000)	-	(50,000)	(50,000)
Total other financing sources (uses)	-	-	(41,698)	-	(41,698)	(41,698)
Net change in fund balance	(41,329)	(41,329)	(694,156)	-	(694,156)	(652,827)
Fund balance at beginning of year	2,032,613	2,032,613	2,032,613	-	2,032,613	-
Fund balance at end of year	$ 1,991,284	$ 1,991,284	$ 1,338,457	$ -	$ 1,338,457	$ (652,827)

CITY OF DENTON, TEXAS **Exhibit XXIV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: STREET IMPROVEMENT FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Franchise fees	$ 13,087,053	$ 13,087,053	$ 13,306,582	$ -	$ 13,306,582	$ 219,529
Fees for services	371,423	371,423	369,549	-	369,549	(1,874)
Investment revenue	10,000	10,000	69,958	-	69,958	59,958
Miscellaneous	-	-	7,562	-	7,562	7,562
Total revenues	13,468,476	13,468,476	13,753,651	-	13,753,651	285,175
EXPENDITURES:						
Current:						
Public Works	14,412,325	11,701,325	10,899,449	(1,039,273)	9,860,176	1,841,149
Debt service:						
Principal retirement	59,165	59,165	-	-	-	59,165
Total expenditures	14,471,490	11,760,490	10,899,449	(1,039,273)	9,860,176	1,900,314
Excess (deficit) of revenues over (under) expenditures	(1,003,014)	1,707,986	2,854,202	1,039,273	3,893,475	2,185,489
OTHER FINANCING SOURCES (USES):						
Sale of capital assets	-	-	35,762	-	35,762	35,762
Transfers in	1,184,582	1,184,582	1,184,582	95,300	1,279,882	95,300
Transfers out	(1,259,626)	(3,970,626)	(3,012,640)	(1,134,573)	(4,147,213)	(176,587)
Total other financing sources (uses)	(75,044)	(2,786,044)	(1,792,296)	(1,039,273)	(2,831,569)	(45,525)
Net change in fund balance	(1,078,058)	(1,078,058)	1,061,906	-	1,061,906	2,139,964
Fund balance at beginning of year	3,441,732	3,441,732	3,441,732	-	3,441,732	-
Fund balance at end of year	$ 2,363,674	$ 2,363,674	$ 4,503,638	$ -	$ 4,503,638	$ 2,139,964

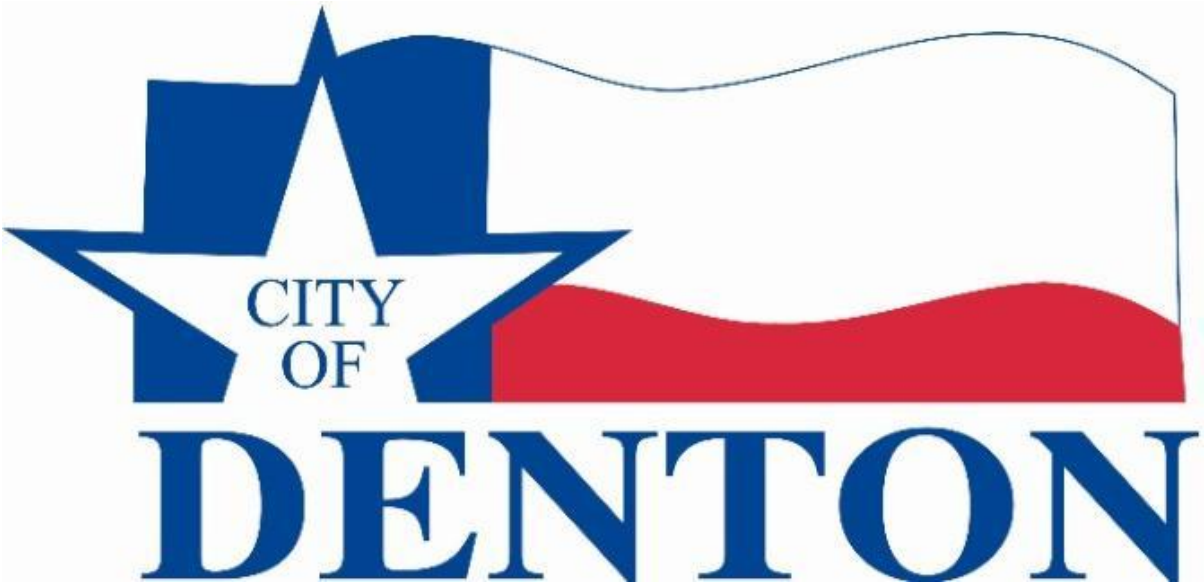
Adjustments - Budgetary Basis are expenditures allocated from and reimbursed to other funds. These expenditures are recorded as operating expenditures but budgeted as cost of service transfers.

CITY OF DENTON, TEXAS **Exhibit XXV**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: GAS WELL REVENUES FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ 29,200	$ 29,200	$ 46,348	$ -	$ 46,348	$ 17,148
Investment revenue	800	800	311	-	311	(489)
Total revenues	30,000	30,000	46,659	-	46,659	16,659
Excess of revenues over expenditures	30,000	30,000	46,659	-	46,659	16,659
OTHER FINANCING USES:						
Transfers out	(70,000)	(141,000)	(141,000)	-	(141,000)	-
Total other financing uses	(70,000)	(141,000)	(141,000)	-	(141,000)	-
Net change in fund balance	(40,000)	(111,000)	(94,341)	-	(94,341)	16,659
Fund balance at beginning of year	148,370	148,370	148,370	-	148,370	-
Fund balance at end of year	$ 108,370	$ 37,370	$ 54,029	$ -	$ 54,029	$ 16,659

CITY OF DENTON, TEXAS **Exhibit XXVI**
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET TO ACTUAL
SPECIAL REVENUE FUNDS: CITIZENS' PARK TRUSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Adjustments - Budgetary	Actual on a Budgetary	Variance with Final Budget - Positive
	Original	Final	Amounts	Basis	Basis	(Negative)
REVENUES:						
Fees for service	$ -	$ -	$ 1,199,972	$ -	$ 1,199,972	$ 1,199,972
Investment revenue	-	-	133,411	-	133,411	133,411
Total revenues	-	-	1,333,383	-	1,333,383	1,333,383
EXPENDITURES:						
Current:						
Parks and recreation	-	-	3,550	-	3,550	(3,550)
Capital outlay	-	-	404,179	-	404,179	(404,179)
Total expenditures	-	-	407,729	-	407,729	(407,729)
Net change in fund balance	-	-	925,654	-	925,654	925,654
Fund balance at beginning of year	6,781,553	6,781,553	6,781,553	-	6,781,553	-
Fund balance at end of year	$ 6,781,553	$ 6,781,553	$ 7,707,207	$ -	$ 7,707,207	$ 925,654


CITY
OF
DENTON

INTERNAL SERVICE FUNDS

Internal Service Funds account for the financing of goods or services provided by one department for another.

The City has the following Internal Service Funds:

Materials Management Fund – to account for the financing of goods and services provided by the Materials Management operations of purchasing and warehouse to other City departments. Purchasing is responsible for procuring goods and services for City departments, and the warehouse maintains an inventory of materials and supplies used by City departments. Warehouse items are billed to other departments.

Fleet Services Fund – to account for the financing of goods and services provided by the Municipal Garage and Machine Shop to other City departments. Municipal Garage and Machine Shop billings include cost of parts and labor and administrative charges. Actual costs include depreciation on the building, improvements, machinery, and equipment used to provide the service.

Health Insurance Fund – to account for the accumulation of resources for the self-insurance activities of the City for employee medical insurance as well as other employee insurance benefits including long-term disability, short-term disability, dental insurance, and vision insurance.

Risk Retention Fund – to account for the accumulation of resources for the payment of activities associated with providing general liability insurance coverage and self-funded activities for City operations.

Technology Services Fund – to account for the accumulation of resources to provide computer services such as programming, support, training, maintenance, and office services to City departments.

Engineering Services Fund – to account for providing engineering, real estate, public works inspection, and development review services primarily to internal City departments although some services are provided to external entities.

Customer Service Fund – to account for providing customer service activities to residents and businesses for City departments. Services include bill pay, utility service requests, connect/disconnect services, maintenance of customer accounts, utility billing, operator calls, collections, accounts receivable, and cash handling.

Facilities Fund – to account for the maintenance of all city-owned facilities and vertical construction projects.

Exhibit XXVII

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2020

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
ASSETS:				
Current assets:				
Cash, cash equivalents and investments, at fair value	$ 1,146,345	$ 1,712,393	$ 4,910,967	$ 1,269,010
Receivables, net of allowances:				
Accrued interest	-	4,228	12,125	3,133
Other	-	56,157	-	294,334
Merchandise inventory	8,454,976	87,406	-	-
Prepaid items	2,370	-	-	-
Total current assets	9,603,691	1,860,184	4,923,092	1,566,477
Noncurrent assets:				
Restricted assets:				
Cash, cash equivalents and investments, at fair value	-	-	-	-
Accrued interest	-	-	-	-
Escrow deposit	-	-	206,000	-
Capital assets, net of accumulated depreciation	746,897	4,344,166	-	-
Total noncurrent assets	746,897	4,344,166	206,000	-
Total assets	10,350,588	6,204,350	5,129,092	1,566,477
DEFERRED OUTFLOWS OF RESOURCES:				
Deferred charges on refunding	4,173	1,369	-	-
Deferred pension balances	272,281	295,642	-	157,240
Deferred other post employment benefits balances	70,474	78,073	-	28,272
Total deferred outflows of resources	346,928	375,084	-	185,512
LIABILITIES:				
Current liabilities:				
Accounts payable	1,061,316	899,017	132,400	309,203
Claims payable	-	-	1,914,115	447,500
Compensated absences payable	58,969	136,820	-	27,798
Deposits	-	-	-	-
Accrued interest	689	726	-	-
Interfund payables	8,200,000	-	-	-
Certificate and general obligation bonds	45,291	56,770	-	-
Total current liabilities	9,366,265	1,093,333	2,046,515	784,501
Noncurrent liabilities:				
Payable from restricted assets:				
General obligation bonds payable	95,201	31,213	-	-
Certificates of obligation	-	40,961	-	-
Compensated absences payable	1,210	51,771	-	9,926
Claims payable	-	-	-	2,732,178
Net pension liability	844,777	1,020,273	-	555,812
Total other post-employment benefits liability	697,064	738,719	-	346,627
Total noncurrent liabilities:	1,638,252	1,882,937	-	3,644,543
Total liabilities	11,004,517	2,976,270	2,046,515	4,429,044
DEFERRED INFLOWS OF RESOURCES:				
Deferred pension balances	191,068	214,440	-	88,019
Deferred other post employment benefits balances	46,377	55,512	-	20,223
Total deferred inflows of resources	237,445	269,952	-	108,242
NET POSITION:				
Net investment in capital assets	610,578	4,216,591	-	-
Restricted for capital acquisition	-	-	-	-
Unrestricted	(1,155,024)	(883,379)	3,082,577	(2,785,297)
Total net position	$ (544,446)	$ 3,333,212	$ 3,082,577	$ (2,785,297)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVII**
COMBINING STATEMENT OF NET POSITION (concluded)
INTERNAL SERVICE FUNDS
AS OF SEPTEMBER 30, 2020

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
ASSETS:					
Current assets:					
Cash, cash equivalents and investments, at fair value	$ 6,229,976	$ 1,635,249	$ 483,671	$ 334,413	$ 17,722,024
Receivables, net of allowances:					
Accrued interest	15,382	4,037	1,182	826	40,913
Other	-	319,602	-	-	670,093
Merchandise inventory	-	-	-	-	8,542,382
Prepaid items	15,354	-	-	-	17,724
Total current assets	6,260,712	1,958,888	484,853	335,239	26,993,136
Noncurrent assets:					
Restricted assets:					
Cash, cash equivalents and investments, at fair value	332,077	-	-	-	332,077
Accrued interest	820	-	-	-	820
Escrow deposit	-	-	-	-	206,000
Capital assets, net of accumulated depreciation	10,722,623	64,485	72,633	1,446,932	17,397,736
Total noncurrent assets	11,055,520	64,485	72,633	1,446,932	17,936,633
Total assets	17,316,232	2,023,373	557,486	1,782,171	44,929,769
DEFERRED OUTFLOWS OF RESOURCES:					
Deferred charges on refunding	-	-	-	-	5,542
Deferred pension balances	878,698	785,119	359,131	244,986	2,993,097
Deferred other post employment benefits balances	171,663	129,576	116,067	52,045	646,170
Total deferred outflows of resources	1,050,361	914,695	475,198	297,031	3,644,809
LIABILITIES:					
Current liabilities:					
Accounts payable	1,316,130	1,136,138	168,582	232,994	5,255,780
Claims payable	-	-	-	-	2,361,615
Compensated absences payable	367,340	240,306	102,969	42,843	977,045
Deposits	-	138,750	-	-	138,750
Accrued interest	5,075	-	-	-	6,490
Interfund payables	-	-	-	-	8,200,000
Certificate and general obligation bonds	316,651	-	-	-	418,712
Total current liabilities	2,005,196	1,515,194	271,551	275,837	17,358,392
Noncurrent liabilities:					
Payable from restricted assets:					
General obligation bonds payable	-	-	-	-	126,414
Certificates of obligation	970,546	-	-	-	1,011,507
Compensated absences payable	33,255	10,064	-	23,163	129,389
Claims payable	-	-	-	-	2,732,178
Net pension liability	2,606,761	1,860,877	1,645,710	882,747	9,416,957
Total other post-employment benefits liability	1,638,242	1,117,384	1,112,334	472,263	6,122,633
Total noncurrent liabilities:	5,248,804	2,988,325	2,758,044	1,378,173	19,539,078
Total liabilities	7,254,000	4,503,519	3,029,595	1,654,010	36,897,470
DEFERRED INFLOWS OF RESOURCES:					
Deferred pension balances	620,409	715,930	278,651	209,361	2,317,878
Deferred other post employment benefits balances	114,122	99,516	80,308	33,081	449,139
Total deferred inflows of resources	734,531	815,446	358,959	242,442	2,767,017
NET POSITION:					
Net investment in capital assets	9,435,426	64,485	72,633	1,446,932	15,846,645
Restricted for capital acquisition	332,897	-	-	-	332,897
Unrestricted	609,739	(2,445,382)	(2,428,503)	(1,264,182)	(7,269,451)
Total net position	$ 10,378,062	$ (2,380,897)	$ (2,355,870)	$ 182,750	$ 8,910,091

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXVIII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
OPERATING REVENUES:				
Charges for goods and services	$ 9,695,480	$ 10,304,486	$ 29,015,695	$ 3,851,378
Miscellaneous	114,085	775	914,975	1,613
Total operating revenues	9,809,565	10,305,261	29,930,670	3,852,991
OPERATING EXPENSES:				
Operating expenses before depreciation	10,329,569	10,435,259	29,382,477	5,917,397
Depreciation	21,578	235,361	-	-
Total operating expenses	10,351,147	10,670,620	29,382,477	5,917,397
Operating income (loss)	(541,582)	(365,359)	548,193	(2,064,406)
NONOPERATING REVENUES (EXPENSES):				
Investment revenue	4,532	19,053	77,262	40,225
Interest expense and fiscal charges	(7,391)	(4,244)	-	-
Gain on disposal of capital assets	-	-	-	-
Other non-operating expenses	-	-	-	-
Total non-operating revenues (expenses)	(2,859)	14,809	77,262	40,225
Income (loss) before contributions and transfers	(544,441)	(350,550)	625,455	(2,024,181)
Capital contributions	28,419	-	-	-
Transfers in		-	-	-
Transfers out	(38,000)	(100,000)	-	-
Change in net position	(554,022)	(450,550)	625,455	(2,024,181)
Net position at beginning of year	9,576	3,783,762	2,457,122	(761,116)
Total net position at end of year	$ (544,446)	$ 3,333,212	$ 3,082,577	$ (2,785,297)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXVIII**
COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
OPERATING REVENUES:					
Charges for goods and services	$ 16,111,434	$ 8,550,735	$ 5,656,246	$ 4,962,797	$ 88,148,251
Miscellaneous	36,511	-	7,052	1,919	1,076,930
Total operating revenues	16,147,945	8,550,735	5,663,298	4,964,716	89,225,181
OPERATING EXPENSES:					
Operating expenses before depreciation	15,036,520	8,690,443	5,418,294	4,441,297	89,651,256
Depreciation	2,585,032	11,494	9,935	121,507	2,984,907
Total operating expenses	17,621,552	8,701,937	5,428,229	4,562,804	92,636,163
Operating income (loss)	(1,473,607)	(151,202)	235,069	401,912	(3,410,982)
NONOPERATING REVENUES (EXPENSES):					
Investment revenue	138,603	25,587	12,658	8,097	326,017
Interest expense and fiscal charges	(22,819)	-	-	-	(34,454)
Gain on disposal of capital assets	-	-	-	6,824	6,824
Other non-operating expenses	-	-	-	(1,353,489)	(1,353,489)
Total non-operating revenues (expenses)	115,784	25,587	12,658	(1,338,568)	(1,055,102)
Income (loss) before contributions and transfers	(1,357,823)	(125,615)	247,727	(936,656)	(4,466,084)
Capital contributions	-	-	-	1,523,364	1,551,783
Transfers in	360,160	-	-	-	360,160
Transfers out	(45,000)	-	(27,895)	(403,958)	(614,853)
Change in net position	(1,042,663)	(125,615)	219,832	182,750	(3,168,994)
Net position at beginning of year	11,420,725	(2,255,282)	(2,575,702)	-	12,079,085
Total net position at end of year	$ 10,378,062	$ (2,380,897)	$ (2,355,870)	$ 182,750	$ 8,910,091

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Materials Management Fund	Fleet Services Fund	Health Insurance Fund	Risk Retention Fund
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	$ 9,809,565	$ 10,363,196	$ 29,930,670	$ 3,558,657
Cash paid to employees for services	(2,286,886)	(2,521,397)	-	(1,270,124)
Cash paid to suppliers	(6,632,409)	(8,161,137)	(29,143,462)	(4,099,493)
Net cash provided (used) by operations	890,270	(319,338)	787,208	(1,810,960)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(38,000)	(100,000)	-	-
Transfers in	-	-	-	-
Net cash provided (used) by noncapital financing activities	(38,000)	(100,000)	-	-
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Principal payments on capital debt	(42,250)	(53,852)	-	-
Interest and fiscal charges	(6,501)	(6,906)	-	-
Proceeds from the sale of fixed assets	-	-	-	-
Acquisition and construction of capital assets	(5,785)	(56,800)	-	-
Net cash provided (used) by capital financing activities	(54,536)	(117,558)	-	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Proceeds from sale and maturities of investment securities	-	1,385,914	4,272,187	2,808,036
Purchase of investment securities	-	(602,091)	(3,988,276)	(1,067,797)
Interest received on investments	4,532	23,844	81,519	49,374
Net cash provided (used) by investing activities	4,532	807,667	365,430	1,789,613
Net increase (decrease) in cash and cash equivalents	802,266	270,771	1,152,638	(21,347)
Cash and cash equivalents at beginning of year	344,079	357,665	649,652	487,065
Cash and cash equivalents at end of year	1,146,345	628,436	1,802,290	465,718
Investments, at fair value	-	1,083,957	3,108,677	803,292
Cash, cash equivalents and investments, at fair value	$ 1,146,345	$ 1,712,393	$ 4,910,967	$ 1,269,010
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:				
Operating income (loss)	$ (541,582)	$ (365,359)	$ 548,193	$ (2,064,406)
Adjustments:				
Depreciation expense	21,578	235,361	-	-
Decrease (Increase) in receivables	-	57,935	-	(294,334)
Decrease in inventories	(281,258)	12,772	-	-
Decrease (Increase) in prepaid items	8,152	-	156,533	-
Increase in escrow deposits items	-	-	(5,000)	-
Increase (Decrease) in accounts payable	742,812	(332,130)	87,482	595,677
Increase (Decrease) in compensated absences	583	25,560	-	(67,402)
Increase in interfund payables	900,000	-	-	-
Increase in net pension balances	6,665	7,227	-	(9,283)
Increase in other post-employment benefit balances	33,320	39,296	-	28,788
Total adjustments	1,431,852	46,021	239,015	253,446
Net cash provided (used) by operating activities	$ 890,270	$ (319,338)	$ 787,208	$ (1,810,960)
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:				
Increase (Decrease) in fair value of investments	-	3,184	16,131	(1,771)
Capital asset contributions	28,419	-	-	-

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF CASH FLOWS (concluded)
INTERNAL SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Technology Services Fund	Engineering Services Fund	Customer Service Fund	Facilities Fund	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES:					
Cash received from customers	$ 16,150,151	$ 8,369,883	$ 5,663,298	$ 4,964,716	$ 88,810,136
Cash paid to employees for services	(7,090,974)	(5,978,828)	(4,004,861)	(1,993,304)	(25,146,374)
Cash paid to suppliers	(7,526,486)	(2,853,491)	(1,288,053)	(2,202,061)	(61,906,592)
Net cash provided (used) by operations	1,532,691	(462,436)	370,384	769,351	1,757,170
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:					
Transfers out	(45,000)	-	(27,895)	(403,958)	(614,853)
Transfers in	360,160	-	-	-	360,160
Net cash provided (used) by noncapital financing activities	315,160	-	(27,895)	(403,958)	(254,693)
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:					
Principal payments on capital debt	(310,530)	-	-	-	(406,632)
Interest and fiscal charges	(23,735)	-	-	-	(37,142)
Proceeds from the sale of fixed assets	-	-	-	6,824	6,824
Acquisition and construction of capital assets	(3,574,625)	-	(20,092)	(45,075)	(3,702,377)
Net cash provided (used) by capital financing activities	(3,908,890)	-	(20,092)	(38,251)	(4,139,327)
CASH FLOWS FROM INVESTING ACTIVITIES:					
Proceeds from sale and maturities of investment securities	6,552,193	1,395,242	307,129	82,218	16,802,919
Purchase of investment securities	(3,600,322)	(694,932)	(484,853)	(293,905)	(10,732,176)
Interest received on investments	156,713	29,930	12,081	7,271	365,264
Net cash provided (used) by investing activities	3,108,584	730,240	(165,643)	(204,416)	6,436,007
Net increase (decrease) in cash and cash equivalents	1,047,545	267,804	156,754	122,726	3,799,157
Cash and cash equivalents at beginning of year	1,360,682	332,321	23,978	-	3,555,442
Cash and cash equivalents at end of year	2,408,227	600,125	180,732	122,726	7,354,599
Investments, at fair value	4,153,826	1,035,124	302,939	211,687	10,699,502
Cash, cash equivalents and investments, at fair value	$ 6,562,053	$ 1,635,249	$ 483,671	$ 334,413	$ 18,054,101
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES:					
Operating income (loss)	$ (1,473,607)	$ (151,202)	$ 235,069	$ 401,912	$ (3,410,982)
Adjustments:					
Depreciation expense	2,585,032	11,494	9,935	121,507	2,984,907
Decrease (Increase) in receivables	2,206	(319,602)	-	-	(553,795)
Decrease in inventories	-	-	-	-	(268,486)
Decrease (Increase) in prepaid items	73,864	-	-	-	238,549
Increase in escrow deposits items	-	-	-	-	(5,000)
Increase (Decrease) in accounts payable	203,541	(224,675)	20,442	232,994	1,326,143
Increase (Decrease) in compensated absences	32,365	(4,740)	(3,179)	(7,401)	(24,214)
Increase in interfund payables	-	138,750	-	-	1,038,750
Increase in net pension balances	28,204	58,235	(1,008,257)	5,967	(911,242)
Increase in other post-employment benefit balances	81,086	29,304	1,116,374	14,372	1,342,540
Total adjustments	3,006,298	(311,234)	135,315	367,439	5,168,152
Net cash provided (used) by operating activities	$ 1,532,691	$ (462,436)	$ 370,384	$ 769,351	$ 1,757,170
NONCASH CAPITAL AND RELATED FINANCING ACTIVITIES:					
Increase (Decrease) in fair value of investments	12,387	3,212	2,304	1,922	37,369
Capital asset contributions	-	-	-	1,523,364	1,551,783

(concluded)

CITY OF DENTON, TEXAS **Exhibit XXIX**
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Balance October 1, 2019	Additions	Deductions	Balance September 30, 2020
OTHER AGENCY FUNDS				
ASSETS				
Cash, cash equivalents and investments, at fair value	**$ 160,031**	**$ 1,084,227**	**$ 1,039,972**	**$ 204,286**
Total assets	**$ 160,031**	**$ 1,084,227**	**$ 1,039,972**	**$ 204,286**
LIABILITIES				
Accounts payable	**$ 160,031**	**$ 1,084,227**	**$ 1,039,972**	**$ 204,286**
Total liabilities	**$ 160,031**	**$ 1,084,227**	**$ 1,039,972**	**$ 204,286**

STATISTICAL SECTION

This part of the City of Denton's comprehensive annual financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the city's overall financial health.

Contents

Financial Trends

These schedules contain trend information to help the reader understand how the city's financial performance and well-being have changed over time. (Tables 1 – 4)

Revenue Capacity

These schedules contain information to help the reader assess the city's most significant local revenue source, the property tax. These tables do not include the Electric fund information due to confidentiality of information necessary for competitive rates. (Tables 5 – 8)

Debt Capacity

These schedules present information to help the reader assess the affordability of the city's current level of outstanding debt and the city's ability to issue additional debt in the future. (Tables 9 – 12)

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the city's financial activities take place. (Tables 13 – 14)

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the city's financial report relates to the services the city provides and the activities it performs. (Tables 15 – 17)

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015
Governmental activities					
Net investment in capital assets	$ 103,073,465	$ 101,784,929	$ 116,146,838	$ 128,915,116	$ 141,914,877
Restricted	2,839,556	3,460,027	4,116,256	12,233,226	13,215,421
Unrestricted	34,590,673	35,005,109	35,136,072	28,096,148	(8,775,520)
Total governmental activities net position	140,503,694	140,250,065	155,399,166	169,244,490	146,354,778
Business-type activities					
Net investment in capital assets	296,006,601	315,479,026	347,780,207	383,678,313	421,894,337
Restricted	30,454,314	28,559,731	28,654,879	28,056,605	25,356,458
Unrestricted	158,120,736	169,653,341	158,145,443	139,515,508	122,542,446
Total business-type activities net position	484,581,651	513,692,098	534,580,529	551,250,426	569,793,241
Primary government					
Net investment in capital assets	399,080,066	417,263,955	463,927,045	512,593,429	563,809,214
Restricted	33,293,870	32,019,758	32,771,135	40,289,831	38,571,879
Unrestricted	192,711,409	204,658,450	193,281,515	167,611,656	113,766,926
Total primary government net position	$ 625,085,345	$ 653,942,163	$ 689,979,695	$ 720,494,916	$ 716,148,019

(continued on the following page)

Source: Comprehensive Annual Financial Reports

CITY OF DENTON, TEXAS **Table 1**
NET POSITION BY COMPONENT (concluded)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2017	2018	2019	2020
Governmental activities					
Net investment in capital assets	$ 145,309,987	$ 165,408,284	$ 194,210,730	$ 242,957,674	$ 288,548,831
Restricted	13,736,624	14,530,908	21,654,948	30,348,748	29,974,236
Unrestricted	(3,620,580)	(6,509,698)	(19,332,607)	(39,525,390)	(36,726,698)
Total governmental activities net position	155,426,031	173,429,494	196,533,071	233,781,032	281,796,369
Business-type activities					
Net investment in capital assets	460,330,063	502,801,204	540,697,505	589,492,414	661,996,500
Restricted	8,892,547	11,516,207	20,209,408	32,678,917	38,024,525
Unrestricted	151,234,604	145,191,889	177,836,401	173,355,308	162,312,209
Total business-type activities net position	620,457,214	659,509,300	738,743,314	795,526,639	862,333,234
Primary government					
Net investment in capital assets	605,640,050	668,209,488	734,908,235	832,450,088	950,545,331
Restricted	22,629,171	26,047,115	41,864,356	63,027,665	67,998,761
Unrestricted	147,614,024	138,682,191	158,503,794	133,829,918	125,585,511
Total primary government net position	$ 775,883,245	$ 832,938,794	$ 935,276,385	$ 1,029,307,671	$ 1,144,129,603

(concluded)

Source: Comprehensive Annual Financial Reports

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015
EXPENSES					
Governmental activities:					
General government	$28,198,604	$29,421,275	$27,686,735	$30,476,840	$31,260,126
Public safety	49,154,371	52,496,010	52,906,985	56,893,859	58,132,146
Public works	16,089,302	18,662,029	18,663,884	16,950,280	20,331,934
Parks and recreation	12,421,893	12,968,426	13,714,245	14,543,461	14,982,742
Interest expense	5,046,724	4,755,938	4,464,309	4,339,154	4,384,973
Total governmental activities expenses	110,910,894	118,303,678	117,436,158	123,203,594	129,091,921
Business-type activities:					
Electric system	117,769,599	122,428,808	146,246,880	157,906,294	158,106,661
Water system	28,293,109	26,822,690	26,814,020	24,023,392	25,870,489
Wastewater system	20,455,424	20,890,614	21,467,088	22,176,191	24,307,305
Solid waste	20,008,746	21,695,322	21,730,796	23,844,055	26,766,890
Airport	1,326,397	1,472,155	1,608,989	2,435,446	2,100,281
Total business-type activities expenses	187,853,275	193,309,589	217,867,773	230,385,378	237,151,626
Total primary government expenses	298,764,169	311,613,267	335,303,931	353,588,972	366,243,547
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	4,108,687	3,873,349	4,105,648	4,645,655	5,364,405
Public safety	7,075,328	7,069,770	7,767,083	7,064,927	7,276,024
Public works	525,024	1,086,269	1,159,605	885,010	707,604
Parks and recreation	3,964,517	3,951,433	4,059,383	5,833,238	4,926,465
Operating grants and contributions	4,270,697	2,598,157	3,118,105	4,788,149	3,380,119
Capital grants and contributions	7,497,908	4,292,468	14,671,571	11,127,695	10,443,220
Total governmental activities program revenues	27,442,161	22,871,446	34,881,395	34,344,674	32,097,837
Business-type activities:					
Charges for services:					
Electric system	131,435,554	132,352,950	136,655,892	150,362,507	167,696,288
Water system	36,790,720	36,265,061	37,586,306	34,865,803	37,572,331
Wastewater system	23,338,841	24,570,095	26,588,179	28,629,754	30,790,885
Solid waste	20,979,967	22,944,272	24,468,976	25,980,914	29,091,216
Airport	3,203,426	1,909,619	1,880,812	1,925,825	1,277,402
Capital grants and contributions	5,053,024	4,317,463	9,877,185	5,656,622	8,593,699
Total business-type activities program revenues	220,801,532	222,359,460	237,057,350	247,421,425	275,021,821
Total primary government program revenues	248,243,693	245,230,906	271,938,745	281,766,099	307,119,658
NET (EXPENSE)/REVENUE					
Governmental activities	(83,468,733)	(95,432,232)	(82,554,763)	(88,858,920)	(96,994,084)
Business-type activities	32,948,257	29,049,871	19,189,577	17,036,047	37,870,195
Total primary government program net expense	$ (50,520,476)	$ (66,382,361)	$ (63,365,186)	$ (71,822,873)	$ (59,123,889)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2017	2018	2019	2020
EXPENSES					
Governmental activities:					
General government	$33,847,052	$40,761,972	$37,968,945	$39,051,942	$37,921,928
Public safety	63,118,516	68,546,557	71,945,219	77,883,435	82,119,480
Public works	24,557,482	24,994,628	25,683,779	24,502,864	26,049,847
Parks and recreation	16,043,697	16,792,417	17,422,273	17,710,634	15,759,371
Interest expense	4,664,608	4,970,968	5,379,149	6,750,917	6,757,736
Total governmental activities expenses	142,231,355	156,066,542	158,399,365	165,899,792	168,608,362
Business-type activities:					
Electric system	145,963,753	174,900,860	168,110,899	236,131,640	195,306,979
Water system	26,000,734	28,202,500	27,481,058	29,689,758	32,013,603
Wastewater system	23,921,154	26,730,157	26,284,049	28,317,484	31,018,019
Solid waste	29,435,101	34,532,856	29,028,299	30,541,859	32,370,675
Airport	2,536,460	1,930,767	1,802,703	2,017,380	1,706,646
Total business-type activities expenses	227,857,202	266,297,140	252,707,008	326,698,121	292,415,922
Total primary government expenses	370,088,557	422,363,682	411,106,373	492,597,913	461,024,284
PROGRAM REVENUES					
Governmental activities:					
Charges for services:					
General government	6,015,305	5,266,777	6,489,438	6,460,483	8,007,187
Public safety	9,827,784	8,773,221	8,221,314	7,233,973	5,234,958
Public works	729,528	879,453	649,293	712,953	1,177,961
Parks and recreation	5,268,637	4,414,379	4,852,322	5,868,619	3,022,162
Operating grants and contributions	2,855,501	4,667,791	3,697,696	4,092,532	8,991,320
Capital grants and contributions	5,885,033	17,180,091	33,991,306	28,085,591	34,911,879
Total governmental activities program revenues	30,581,788	41,181,712	57,901,369	52,454,151	61,345,467
Business-type activities:					
Charges for services:					
Electric system	166,290,498	172,027,080	198,748,366	242,437,211	217,111,983
Water system	38,181,034	41,332,006	48,912,059	45,886,900	47,125,123
Wastewater system	31,900,885	33,360,603	35,594,624	35,042,110	36,146,835
Solid waste	31,236,506	33,847,593	33,590,463	34,670,519	36,142,207
Airport	1,183,661	1,495,619	1,625,672	1,397,581	1,286,479
Capital grants and contributions	7,705,101	20,347,889	20,519,510	16,039,076	16,374,066
Total business-type activities program revenues	276,497,685	302,410,790	338,990,694	375,473,397	354,186,693
Total primary government program revenues	307,079,473	343,592,502	396,892,063	427,927,548	415,532,160
NET (EXPENSE)/REVENUE					
Governmental activities	(111,649,567)	(114,884,830)	(100,497,996)	(113,445,641)	(107,262,895)
Business-type activities	48,640,483	36,113,650	86,283,686	48,775,276	61,770,771
Total primary government program net expense	$ (63,009,084)	$ (78,771,180)	$ (14,214,310)	$ (64,670,365)	$ (45,492,124)

(continued on the following page)

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2011	2012	2013	2014	2015
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION					
Governmental activities:					
Taxes:					
Property tax	$44,144,844	$45,174,160	$47,275,552	$48,833,077	$54,174,965
Sales tax[1]	22,871,282	25,886,940	26,522,473	27,764,114	30,601,965
Franchise tax	19,324,244	19,336,701	19,901,459	21,001,427	21,996,031
Hotel occupancy tax	1,513,468	1,555,347	1,910,125	1,982,643	2,156,294
Beverage tax	359,671	345,032	392,192	419,498	573,758
Bingo tax	21,963	20,889	20,774	20,684	20,380
Investment income	459,615	581,849	354,089	563,236	759,334
Gain on sale of capital assets	-	-	-	-	707,966
Miscellaneous	2,370,682	1,390,398	1,428,907	1,980,545	1,220,060
Transfers	(10,430,082)	887,287	(101,707)	876,525	1,140,938
Total governmental activities	80,635,687	95,178,603	97,703,864	103,441,749	113,351,691
Business-type activities:					
Investment income	1,472,078	1,638,830	1,085,856	1,355,730	1,692,971
Gain on sale of capital assets	-	-	-	-	42,455
Miscellaneous	278,180	(690,967)	511,291	521,013	-
Transfers	10,430,082	(887,287)	101,707	(876,525)	(1,140,938)
Total business-type activities	12,180,340	60,576	1,698,854	1,000,218	594,488
Total primary government	92,816,027	95,239,179	99,402,718	104,441,967	113,946,179
CHANGE IN NET POSITION					
Governmental activities	(2,833,046)	(253,629)	15,149,101	14,582,829	16,357,607
Business-type activities	45,128,597	29,110,447	20,888,431	18,036,265	38,464,683
Total primary government	$ 42,295,551	$ 28,856,818	$ 36,037,532	$ 32,619,094	$ 54,822,290

(continued on the following page)

Source: Comprehensive Annual Financial Reports

[1] **Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.**

CITY OF DENTON, TEXAS **Table 2**
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

	2016	2017	2018	2019	2020
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION (concluded)					
Governmental activities:					
Taxes:					
Property tax	$58,788,255	$64,348,754	$67,185,610	$71,351,314	$75,431,860
Sales tax[1]	32,624,297	36,841,137	38,270,026	38,330,825	39,337,834
Franchise tax	22,659,014	24,211,081	26,007,002	26,160,639	29,503,569
Hotel occupancy tax	2,243,264	2,374,221	2,733,720	3,039,747	2,142,483
Beverage tax	597,284	617,662	632,217	661,823	440,766
Bingo tax	18,910	13,633	11,244	11,445	13,527
Investment income	1,019,594	1,330,008	1,937,579	6,093,100	2,999,094
Gain on sale of capital assets	498,265	192,583	188,958	95,760	103,796
Miscellaneous	1,087,504	2,042,274	4,700,466	3,930,285	4,008,679
Transfers	1,184,433	916,940	(1,104,290)	1,018,664	1,296,624
Total governmental activities	120,720,820	132,888,293	140,562,532	150,693,602	155,278,232
Business-type activities:					
Investment income	2,010,008	3,471,635	4,083,560	9,026,713	6,099,964
Gain on sale of capital assets	1,197,915	383,741	240,740	-	232,484
Miscellaneous	-	-	-	-	-
Transfers	(1,184,433)	(916,940)	1,104,290	(1,018,664)	(1,296,624)
Total business-type activities	2,023,490	2,938,436	5,428,590	8,008,049	5,035,824
Total primary government	122,744,310	135,826,729	145,991,122	158,701,651	160,314,056
CHANGE IN NET POSITION					
Governmental activities	9,071,253	18,003,463	40,064,536	37,247,961	48,015,337
Business-type activities	50,663,973	39,052,086	91,712,276	56,783,325	66,806,595
Total primary government	$ 59,735,226	$ 57,055,549	$ 131,776,812	$ 94,031,286	$ 114,821,932

(concluded)

Source: Comprehensive Annual Financial Reports

[1] Sales tax figures in fiscal years 2010 and prior present amounts net of economic incentive payments.

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
General fund					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Committed to streets	921,779	-	-	-	-
Assigned to use of reserves	668,116	664,894	1,377,039	661,545	-
Unassigned	22,834,108	25,171,186	24,378,139	25,176,737	27,365,168
Total general fund	24,424,003	25,836,080	25,755,178	25,838,282	27,365,168
All other governmental funds					
Restricted for:					
Debt Service	3,279,080	3,824,438	4,572,807	4,726,841	4,791,880
Parks and recreation	9,561,244	10,496,887	9,220,953	11,584,890	14,288,659
Streets and drainage projects	21,857,670	22,004,377	23,759,574	25,790,648	42,537,941
Other capital projects	5,907,877	8,444,073	12,231,061	11,925,978	10,603,695
Other grants and purposes	1,223,822	1,789,241	2,223,626	2,465,093	3,218,466
Committed to:					
Streets	-	991,942	1,330,184	916,613	1,388,223
Parks and recreation	1,427,717	570,534	590,062	573,429	513,484
Other purposes	1,867,639	1,468,837	1,801,661	3,560,159	4,430,392
Assigned to:					
Streets and drainage projects	724,241	-	144,485	423,152	2,214,613
Other capital projects	1,332,105	3,003,344	2,599,101	2,868,390	1,666,029
Other purposes	77,341	49,026	56,900	34,847	49,630
Unassigned	(758,734)	(91,145)	(8,901)	(144,084)	(73,857)
Total all other governmental funds	$ 46,500,002	$ 52,551,554	$ 58,521,513	$ 64,725,956	$ 85,629,155

(continued on the following page)

Source: Comprehensive Annual Financial Reports

CITY OF DENTON, TEXAS **Table 3**
FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020
General fund					
Nonspendable	$ -	$ -	$ -	$ -	$ 5,184
Committed to streets	-	-	-	-	-
Assigned to use of reserves	99,365	-	1,398,704	160,606	-
Unreserved, undesignated, unassigned	28,070,483	31,770,773	28,918,681	30,578,238	33,777,027
Total general fund	28,169,848	31,770,773	30,317,385	30,738,844	33,782,211
All other governmental funds					
Restricted for:					
Debt Service	4,893,032	5,409,144	5,529,483	5,453,180	5,325,062
Parks and recreation	13,553,834	10,599,568	9,153,654	12,723,077	17,586,279
Streets and drainage projects	46,511,509	51,149,305	82,702,916	75,897,954	75,037,095
Other capital projects	13,512,733	18,544,086	21,984,608	20,271,843	30,142,806
Other grants and purposes	3,319,230	4,104,036	7,158,843	7,171,142	5,704,555
Committed to:					
Streets	1,798,624	1,158,667	4,495,971	5,965,815	9,340,552
Parks and recreation	498,150	439,825	520,852	549,415	555,629
Other purposes	5,500,983	6,889,093	3,150,491	3,779,944	3,361,851
Assigned to:					
Streets and drainage projects	3,430,681	7,897,077	10,591,478	10,867,803	4,231,795
Other capital projects	3,728,955	6,945,492	7,440,133	8,907,816	7,459,112
Other purposes	74,558	59	59	61	181
Unassigned	(242,338)	(2,942,377)	(943,930)	(782,684)	(987,611)
Total all other governmental funds	$ 96,579,951	$ 110,193,975	$ 151,784,558	$ 150,805,366	$ 157,757,306

(concluded)

Source: Comprehensive Annual Financial Reports

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2011	2012	2013	2014	2015
REVENUES:					
Taxes:					
Property tax	$ 44,147,706	$ 45,116,485	$ 47,330,522	$ 48,872,016	$ 54,230,541
Sales tax	22,871,282	25,886,940	26,522,473	27,764,114	30,601,965
Hotel occupancy tax	1,513,468	1,555,347	1,910,125	1,982,643	2,156,294
Beverage tax	359,671	345,032	392,192	419,498	573,758
Bingo tax	21,963	20,889	20,774	20,684	20,380
Licenses and permits	1,460,548	1,436,215	1,446,580	1,978,421	2,782,395
Franchise fees	19,324,244	19,336,701	19,901,459	21,001,427	21,996,031
Fines and forfeitures	4,929,110	5,462,133	5,342,966	6,261,579	6,505,175
Fees for services	8,395,583	8,519,763	8,683,278	10,187,195	9,391,260
Investment revenue	459,615	581,849	354,089	563,236	759,334
Intergovernmental	10,896,063	6,739,864	9,914,834	10,986,128	10,236,689
Miscellaneous	1,911,634	1,171,618	1,322,762	2,648,160	1,387,127
Total revenues	116,290,887	116,172,836	123,142,054	132,685,101	140,640,949
EXPENDITURES:					
General government	25,784,296	24,359,018	25,047,062	28,188,722	29,277,275
Public safety	46,561,747	48,118,051	51,303,825	53,380,064	55,978,174
Public works	7,483,926	8,608,554	9,425,446	9,979,997	12,439,131
Parks and recreation	10,913,450	11,315,951	12,274,908	12,808,701	13,277,516
Capital outlay	12,937,053	10,983,987	20,038,064	20,660,461	23,712,400
Debt service:					
Principal retirement	9,670,892	9,770,660	10,017,719	10,703,071	11,918,983
Advance refunding escrow	-	130,111	110,145	-	120,519
Bond issuance costs	29,156	163,811	181,308	86,800	181,409
Interest and other charges	5,070,734	4,758,305	4,552,348	4,741,257	4,647,528
Total expenditures	118,451,254	118,208,448	132,950,825	140,549,073	151,552,935
Excess (deficiency) of revenues over (under) expenditures	(2,160,367)	(2,035,612)	(9,808,771)	(7,863,972)	(10,911,986)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	-	10,173,303	6,182,405	3,130,000	14,290,000
Payment to refunded bond escrow agent	-	(11,432,581)	(6,547,180)	(3,194,293)	(15,604,758)
Issuance of long-term debt	5,680,000	8,020,000	14,765,000	12,635,000	29,240,000
Premium on debt issuance	32,628	2,016,193	1,232,674	635,037	3,214,914
Insurance recoveries	-	19,961	-	-	-
Proceeds of capital lease	-	-	-	-	-
Sale of capital assets	303,307	153,127	148,417	85,059	715,685
Transfers in	1,968,253	4,741,735	2,980,448	3,596,433	4,557,824
Transfers (out)	(7,915,382)	(4,192,497)	(3,063,936)	(2,735,717)	(3,071,594)
Total other financing sources (uses)	68,806	9,499,241	15,697,828	14,151,519	33,342,071
NET CHANGE IN FUND BALANCES	$ (2,091,561)	$ 7,463,629	$ 5,889,057	$ 6,287,547	$ 22,430,085
Debt service as a percentage of noncapital expenditures	14.0%	13.6%	12.9%	12.9%	13.0%

Source: Comprehensive Annual Financial Reports

(continued on the following page)

CITY OF DENTON, TEXAS **Table 4**
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (concluded)
LAST TEN FISCAL YEARS
(modified accrual basis of accounting)

	2016	2017	2018	2019	2020
REVENUES:					
Taxes:					
Property tax	$ 58,802,856	$ 64,317,641	$ 67,055,807	$ 71,393,395	$ 75,413,501
Sales tax[1]	32,624,297	36,841,137	38,270,026	38,330,825	39,337,834
Hotel occupancy tax	2,243,264	2,374,221	2,733,720	3,039,748	2,142,483
Beverage tax	597,284	617,662	632,217	661,823	440,766
Bingo tax	18,910	13,633	11,244	11,445	13,527
Licenses and permits	3,106,162	3,016,697	3,739,691	3,889,820	5,225,128
Franchise fees	22,659,014	24,211,081	26,007,002	26,160,639	29,503,569
Fines and forfeitures	6,433,158	6,039,401	5,539,793	5,147,203	2,621,002
Fees for services	10,927,305	10,395,166	10,536,817	11,583,743	10,328,261
Investment revenue	1,019,594	1,330,008	1,937,579	6,093,100	2,999,094
Intergovernmental	5,217,302	9,647,977	30,518,141	22,477,192	31,907,490
Miscellaneous	1,347,258	2,382,708	5,053,082	5,043,652	4,049,419
Total revenues	144,996,404	161,187,332	192,035,119	193,832,585	203,982,074
EXPENDITURES:					
General government	31,024,356	31,330,757	32,800,175	35,528,063	33,242,486
Public safety	59,067,019	61,156,694	66,355,282	71,257,658	77,408,797
Public works	11,604,966	15,871,804	14,710,211	14,579,218	14,018,054
Parks and recreation	13,987,694	14,140,518	14,671,894	15,221,092	13,118,332
Capital outlay	25,966,695	38,191,803	54,829,949	64,835,885	86,392,357
Debt service:					
Principal retirement	13,390,576	14,351,487	15,429,697	16,904,637	17,929,324
Advance refunding escrow	147,687	103,950	-	-	-
Bond issuance costs	154,948	171,252	284,181	142,226	180,870
Interest and other charges	5,246,925	5,819,949	6,561,442	8,146,969	8,368,163
Total expenditures	160,590,866	181,138,214	205,642,831	226,615,748	250,658,383
Excess (deficiency) of revenues over (under) expenditures	(15,594,462)	(19,950,882)	(13,607,712)	(32,783,163)	(46,676,309)
OTHER FINANCING SOURCES (USES):					
Refunding bonds issued	12,045,000	10,850,000	-	-	2,490,000
Payment to refunded bond escrow agent	(14,075,445)	(11,358,665)	-	-	(2,973,354)
Issuance of long-term debt	22,780,000	33,405,000	56,960,000	25,870,000	49,205,000
Premium on debt issuance	4,317,817	3,077,360	3,206,728	2,006,343	6,250,067
Insurance recoveries	30,624	86,992	18,135	88,954	-
Proceeds of capital lease	150,155	-	-	-	-
Sale of capital assets	530,054	236,068	226,025	17,033	148,586
Transfers in	8,164,575	10,856,904	15,083,695	14,477,744	13,868,308
Transfers (out)	(6,592,842)	(9,987,828)	(21,749,676)	(10,234,644)	(12,316,991)
Total other financing sources (uses)	27,349,938	37,165,831	53,744,907	32,225,430	56,671,616
NET CHANGE IN FUND BALANCES	$ 11,755,476	$ 17,214,949	$ 40,137,195	$ (557,733)	$ 9,995,307
Debt service as a percentage of noncapital expenditures	13.8%	14.1%	14.6%	15.5%	16.0%

Source: Comprehensive Annual Financial Reports **(concluded)**

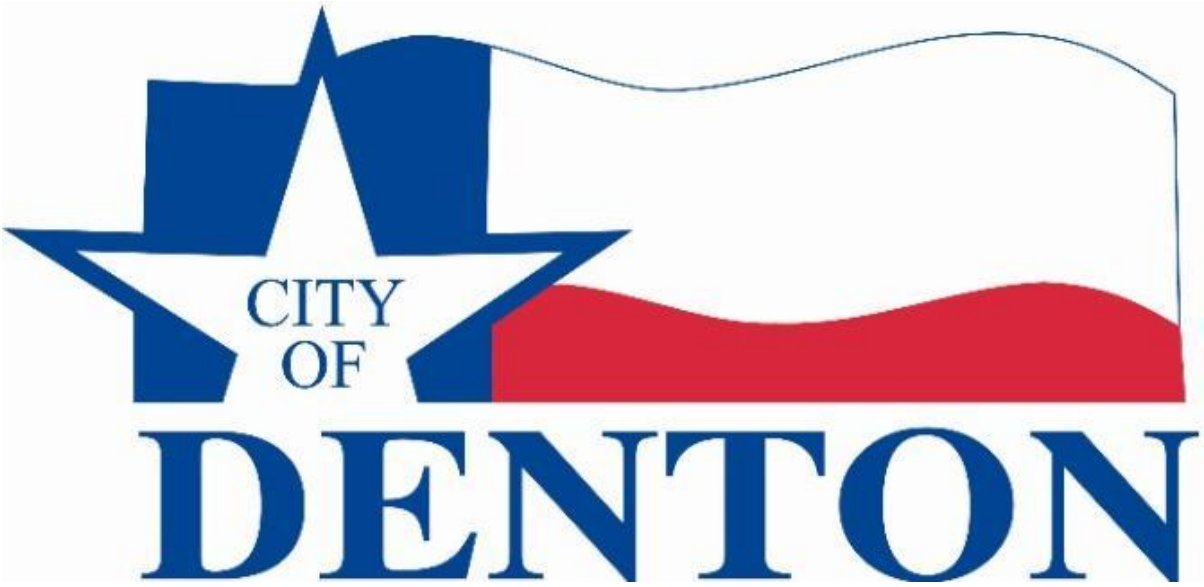
CITY OF DENTON, TEXAS **Table 5**
ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Market Value: Real Property	Estimated Market Value: Personal Property	Less: Tax-Exempt Property	Less: Frozen Value[1]	Total Taxable Assessed Value[2]	Total Direct Tax Rate
2011	6,744,096,534	879,202,496	1,393,181,072	-	6,230,117,958	0.68975
2012	6,903,311,493	933,580,101	1,424,516,590	-	6,412,375,004	0.68975
2013	7,083,330,127	1,125,646,116	1,492,264,875	-	6,716,711,368	0.68975
2014	7,427,124,969	1,161,189,421	1,609,090,116	-	6,979,224,274	0.68975
2015	8,285,049,321	1,329,999,883	1,817,871,596	-	7,797,177,608	0.68975
2016	8,989,650,946	1,332,290,743	1,858,794,929	-	8,463,146,760	0.68975
2017	9,784,179,133	1,429,040,012	2,040,968,652	-	9,172,250,493	0.68334
2018	11,218,394,767	1,497,275,644	2,298,809,194	-	10,416,861,217	0.63786
2019	12,399,345,379	1,376,428,125	2,348,204,604	112,974,494	11,314,594,406	0.62048
2020	13,680,931,478	1,807,156,540	2,698,699,972	177,067,782	12,612,320,264	0.59045

Source: Denton Central Appraisal District

[1]**Fiscal year 2019 marks the first year of the Over 65/Disabled tax limitation (freeze).**

[2]**Total Taxable Assessed Value from 2013-2020 include the Downtown and West Park TIRZ's.**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CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	City of Denton			Overlapping Rates		
					School Districts	
Fiscal Year	Operating Rate	Debt Service Rate	Total Direct Rate	Denton County	Denton Independent School District	Argyle Independent School District
2011	0.47088	0.21887	0.68975	0.273900	1.53000	1.440050
2012	0.47088	0.21887	0.68975	0.277357	1.53000	1.460050
2013	0.47088	0.21887	0.68975	0.282867	1.53000	1.480050
2014	0.47480	0.21495	0.68975	0.284914	1.53000	1.475000
2015	0.48119	0.20856	0.68975	0.272200	1.54000	1.570050
2016	0.47456	0.21519	0.68975	0.262000	1.54000	1.570050
2017	0.46674	0.21660	0.68334	0.248409	1.54000	1.570050
2018	0.43031	0.20755	0.63786	0.237812	1.54000	1.585050
2019	0.40543	0.21505	0.62048	0.225574	1.54000	1.585050
2020	0.38536	0.20509	0.59045	0.225278	1.47000	1.508000

(continued on the following page)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]**Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.**

CITY OF DENTON, TEXAS **Table 6**
PROPERTY TAX RATES (PER $100 OF ASSESSED VALUE) (concluded)
DIRECT AND OVERLAPPING[1] GOVERNMENTS
LAST TEN FISCAL YEARS

	Overlapping Rates					
	School Districts					
Fiscal Year	Aubrey Independent School District	Krum Independent School District	Pilot Point Independent School District	Ponder Independent School District	Sanger Independent School District	Total Direct & Overlapping Rates (Range)
2011	1.540000	1.480000	1.370000	1.324890	1.360000	2.288540 - 2.503650
2012	1.540000	1.540000	1.370000	1.344610	1.372067	2.311717 - 2.507107
2013	1.540000	1.520000	1.370000	1.353292	1.372067	2.325909 - 2.512617
2014	1.510000	1.540000	1.370000	1.385000	1.372070	2.344664 - 2.514664
2015	1.510000	1.540000	1.370000	1.380800	1.372067	2.331950 - 2.532000
2016	1.510000	1.540000	1.370000	1.387500	1.372067	2.321750 - 2.521800
2017	1.510000	1.540000	1.370000	1.467840	1.372067	2.301749 - 2.501799
2018	1.510000	1.540000	1.370000	1.467790	1.372067	2.245668 - 2.460718
2019	1.590000	1.540000	1.370000	1.467790	1.372067	2.216051 - 2.436051
2020	1.568350	1.391830	1.268350	1.467780	1.308350	2.084082 - 2.384082

(concluded)

Source: Denton County Tax Office
Denton County Central Appraisal District

[1]Overlapping rates are those of the school district and county government that apply to property owners within the City of Denton.

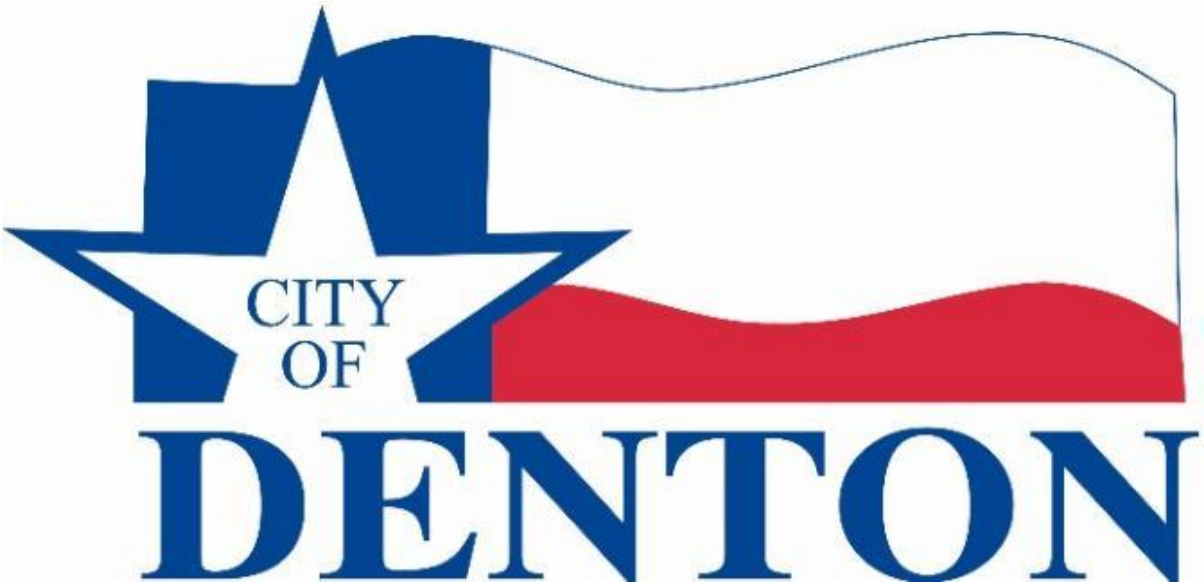
CITY OF DENTON, TEXAS **Table 7**
PRINCIPAL PROPERTY TAXPAYERS
CURRENT YEAR AND NINE YEARS AGO

2020			2011		
Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[1]	Name of Taxpayer	Taxable Assessed Value	Percentage of Total Taxable Assessed Value[2]
Wells Services Division of STC (Schlumberger)	$217,915,750	1.73%	Columbia Medical Center of Denton (Medical City Denton)	$79,500,789	1.28%
Target Corporation	114,203,742	0.91%	PACCAR Inc. (Peterbilt)	46,352,556	0.74%
Winco Foods, LLC (Grocery Distributor)	105,595,630	0.84%	Inland Western Crossing (Denton Crossing Shopping Center)	45,253,799	0.73%
PACCAR Inc. (Peterbilt)	101,638,893	0.81%	Cypress Denton Station, LTD	36,113,213	0.58%
Columbia Medical Center of Denton (Medical City Denton)	84,688,656	0.67%	Verizon Southwest (Telephone Company)	33,371,000	0.54%
Rayzor Ranch Marketplace Associates	63,166,324	0.50%	GEL Timberlinks (The Timbers at Denton)	26,450,000	0.42%
Trdwind Timberlinks Borrower (Timberlinks at Denton Apartments)	55,235,011	0.44%	Devon Energy Production Co, LLP (Oil and Gas Production)	25,356,550	0.41%
Rayzor Ranch Town Center Associates	50,448,606	0.40%	Range Texas Production, LLC (Oil and Gas Production)	22,097,378	0.35%
NREA Gardens, DST (Gardens at Denton Apartments)	46,819,486	0.37%	Denton Education Housing Corp (University Courtyard Apartments)	21,312,452	0.34%
Total	$ 839,712,098	6.66%	Total	$ 335,807,737	5.39%

Source: Denton Central Appraisal District

[1]**Total taxable assessed value for tax year 2019 (fiscal year 2020) is $12,612,320,264.**

[2]**Total taxable assessed value for tax year 2010 (fiscal year 2011) is $6,230,117,958.**


CITY
OF
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CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS

Fiscal Year	Taxes Levied Within the Fiscal Year of the Levy	Adjustments to Levy in Subsequent Years	Adjusted Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections in Subsequent Years
				Amount	Percentage of Levy	
2011	43,890,121	(2,866)	43,887,255	43,447,508	99.00%	388,292
2012	44,856,277	20,423	44,876,700	44,461,501	99.07%	350,401
2013	46,965,495	35,838	47,001,333	46,638,975	99.23%	293,509
2014	48,398,900	74,600	48,473,500	48,083,910	99.20%	315,108
2015	53,829,793	(71,913)	53,757,880	53,503,029	99.53%	152,385
2016	58,634,172	5,318	58,639,490	58,280,013	99.39%	241,690
2017	64,030,255	(46,531)	63,983,723	63,702,954	99.56%	169,161
2018	66,830,333	(41,570)	66,788,763	66,493,774	99.56%	132,027
2019	70,914,567	(128,423)	70,786,144	70,345,941	99.38%	240,957
2020	75,040,101	-	75,040,101	74,711,122	99.56%	-

(continued on the following page)

Source: Denton Central Appraisal District

CITY OF DENTON, TEXAS **Table 8**
PROPERTY TAX LEVIES AND COLLECTIONS (concluded)
LAST TEN FISCAL YEARS

Fiscal Year	Total Collections to Date	
	Amount	Percentage of Levy
2011	43,835,800	99.88%
2012	44,811,902	99.86%
2013	46,932,484	99.85%
2014	48,399,018	99.85%
2015	53,655,414	99.81%
2016	58,521,703	99.80%
2017	63,872,115	99.83%
2018	66,625,801	99.76%
2019	70,586,898	99.72%
2020	74,711,122	99.56%
		(concluded)

Source: Denton Central Appraisal District

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS

	Governmental Activities				Business-Type Activities		
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Other Obligations	Revenue Bonds	General Obligation Bonds	Certificates of Obligation
2011	73,395,650	43,036,419	1,475,673	1,879,906	187,525,000	47,209,350	150,553,581
2012	80,013,439	33,910,342	3,272,887	1,891,895	156,855,000	59,301,561	181,314,658
2013	80,719,761	37,514,485	3,737,386	983,249	144,225,000	55,970,239	222,955,515
2014	78,316,161	41,570,000	3,593,057	1,102,864	112,170,000	79,188,839	290,640,000
2015	95,019,058	41,590,000	6,039,823	2,079,227	63,340,000	108,585,942	359,375,000
2016	109,861,174	34,565,000	9,250,779	1,373,230	-	141,063,826	416,465,000
2017	118,267,663	49,285,000	10,994,176	498,062	214,890,000	127,677,337	467,620,000
2018	127,647,935	81,200,000	12,515,724	4,171	214,890,000	111,347,065	447,050,000
2019	135,507,957	83,560,000	12,749,386	-	214,890,000	118,682,043	414,890,000
2020	150,187,533	99,295,000	17,024,883	-	207,310,000	121,872,467	396,900,000

(continued on the following page)

Source: Comprehensive Annual Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

CITY OF DENTON, TEXAS **Table 9**
RATIO OF OUTSTANDING DEBT BY TYPE (concluded)
LAST TEN FISCAL YEARS

	Business-Type Activities				
Fiscal Year	Premiums, Discounts	Other Obligations	Total Primary Government	Percentage of Personal Income[1]	Per Capita[1]
2011	13,078,316	1,279,130	519,433,025	0.01970%	4,510.02
2012	17,869,148	713,408	535,142,338	0.02127%	4,578.25
2013	18,645,703	363,487	565,114,825	0.02030%	4,789.84
2014	23,263,019	-	629,843,940	0.02127%	5,242.28
2015	27,564,104	-	703,593,154	0.02359%	5,723.67
2016	38,514,641	-	751,093,650	0.02494%	5,994.94
2017	69,029,540	-	1,058,261,778	0.03176%	8,230.63
2018	61,504,481	-	1,056,157,358	0.03044%	7,965.29
2019	56,877,139	-	1,037,156,525	0.02752%	7,574.52
2020	57,094,682	-	1,049,684,565	0.02558%	7,446.90
					(concluded)

Source: Comprehensive Annual Financial Reports

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 13 for personal income and population data.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS

	General Bonded Debt Outstanding						
Fiscal Year	General Obligation Bonds	Certificates of Obligation	Premiums, Discounts	Less: Amounts Available in Debt Service Fund	Total	Percentage of Taxable Value of Property[1]	Per Capita[2]
2011	120,605,000	193,590,000	10,580,069	2,839,556	321,935,513	5.17%	2,795.23
2012	139,315,000	215,225,000	18,283,190	3,460,027	369,363,163	5.76%	3,159.98
2013	136,690,000	260,470,000	20,029,829	4,116,256	413,073,573	6.15%	3,501.16
2014	157,505,000	332,210,000	25,434,647	4,261,848	510,887,799	7.32%	4,252.19
2015	203,605,000	400,965,000	33,414,816	4,260,793	633,724,023	8.13%	5,155.29
2016	250,925,000	451,030,000	47,765,420	4,314,370	745,406,050	8.81%	5,949.54
2017	245,945,000	516,905,000	49,644,634	4,666,797	807,827,837	8.81%	6,282.88
2018	238,995,000	528,250,000	46,011,204	4,773,267	808,482,937	7.76%	6,097.39
2019	254,190,000	498,450,000	43,987,604	4,627,301	792,000,303	7.00%	5,784.11
2020	272,060,000	496,195,000	50,850,724	4,515,678	814,590,046	6.46%	5,779.04

Source: Comprehensive Annual Financial Reports

(continued on the following page)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

CITY OF DENTON, TEXAS **Table 10**
RATIO OF GENERAL BONDED DEBT OUTSTANDING (concluded)
LAST TEN FISCAL YEARS

	Tax Supported General Bonded Debt Outstanding			
Fiscal Year	Less: Revenue Supported Debt[3]	Net Tax Supported Debt	Percentage of Actual Taxable Value of Property	Per Capita[2]
2011	206,867,327	115,068,186	1.85%	999.09
2012	255,626,522	113,736,641	1.77%	973.04
2013	295,218,197	117,855,376	1.75%	998.93
2014	391,670,429	119,217,370	1.71%	992.26
2015	495,335,935	138,388,088	1.77%	1,125.77
2016	596,043,467	149,362,583	1.76%	1,192.15
2017	633,947,795	173,880,042	1.90%	1,352.35
2018	591,892,545	216,590,392	2.08%	1,633.47
2019	564,810,261	227,190,042	2.01%	1,659.21
2020	552,598,308	261,991,738	2.08%	1,858.68

(concluded)

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

[1]See Table 5 for property value data.

[2]See Table 13 for population data.

[3]In 2010, the City began issuing Certificates of Obligation not only for general government purposes which are repaid by property taxes, but also for utility related projects of the City. The Certificates of Obligation issued for utility purposes are repaid from the specific utility fund as revenue supported for which the debt was issued.

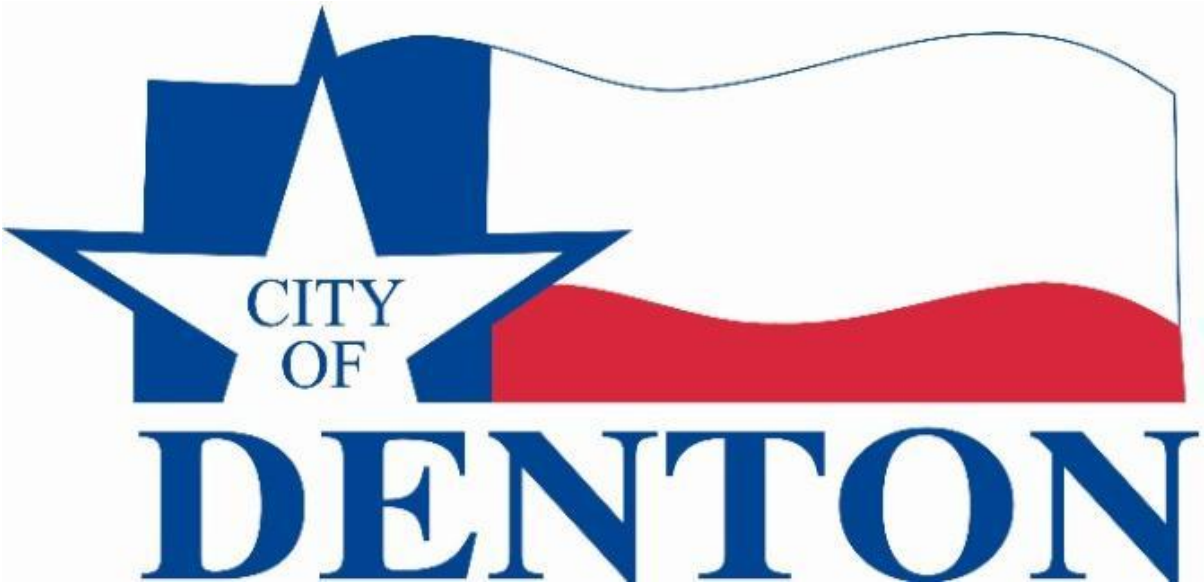
CITY OF DENTON, TEXAS **Table 11**
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF SEPTEMBER 30, 2020

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable[1]	Estimated Share of Overlapping Debt
Debt repaid with property taxes:			
Denton Independent School District	$ 1,080,238,914	62.06%	$ 670,396,271
Denton County	611,835,000	12.50%	76,479,375
Argyle Independent School District	189,286,350	8.63%	16,335,412
Aubrey Independent School District	92,082,693	0.11%	101,291
Krum Independent School District	35,843,203	8.38%	3,003,660
Lake Dallas Independent School District	149,857,192	1.54%	2,307,801
Pilot Point Independent School District	14,210,000	0.20%	28,420
Ponder Independent School District	11,984,838	1.25%	149,810
Sanger Independent School District	18,678,414	0.35%	65,374
Subtotal, overlapping debt			768,867,414
City of Denton, direct debt		100.00%	266,507,416
Total direct and overlappping debt			$ 1,035,374,830
Ratio of direct and overlapping funded debt to the City's taxable assessed valuation			8.21%
Per capita overlapping funded debt			7,345

Source: Municipal Advisory Council of Texas website

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the city. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Denton. This process recognizes that, when considering the City of Denton's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore responsible for repaying the debt, of each overlapping government.

[1]The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the overlapping government's taxable assessed value that is within the City of Denton's boundaries and dividing it by the overlapping government's total taxable assessed value.


CITY
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CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds					
Fiscal Year	Operating Revenue	Investment Revenue	Less: Fair Market Value Adjustment to Investment Revenue[2]	Impact Fee Revenue	Less: Operating Expenses Before Depreciation	Add: Franchise Fees and Return on Investment Paid to General Fund[3]
2011	186,359,226	1,340,539	(66,712)	5,205,889	136,774,866	14,304,393
2012	189,645,277	1,477,452	110,626	3,542,829	139,801,421	14,414,769
2013	197,126,041	983,424	(227,534)	3,704,336	164,688,198	14,582,800
2014	208,666,178	1,225,879	46,226	5,191,886	175,620,125	15,278,150
2015	229,583,483	1,512,820	156,230	6,476,021	175,131,645	16,356,904
2016	229,086,008	1,772,813	(132,432)	7,286,409	163,392,323	17,027,566
2017	239,310,663	3,150,469	(737,238)	7,409,026	182,455,762	18,215,432
2018	271,387,844	3,599,667	(707,351)	11,867,205	177,438,191	20,089,862
2019	311,420,814	7,852,695	2,174,835	11,945,407	236,743,123	20,527,742
2020	286,680,979	5,338,527	829,978	13,702,962	189,987,335	24,520,095

(continued on the following page)

Source: Comprehensive Annual Financial Reports

[1]**The Utility System includes the Electric, Water, and Wastewater funds.**

[2]**For the coverage calculation, the fair market adjustment to the value of investments is excluded.**

[3]**For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.**

[4]**Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.**

[5]**Total times coverage provided to assess total bond debt related to the Utility System.**

CITY OF DENTON, TEXAS **Table 12**
PLEDGED REVENUE COVERAGE (concluded)
LAST TEN FISCAL YEARS

	Utility System[1] Revenue Bonds							
		Revenue Bond Debt			Certificate of Obligation & General Obligation Bond Debt			
Fiscal Year	Net Available Revenue	Principal	Interest	Times Coverage[4]	Principal	Interest	Times Coverage	Total Times Coverage[5]
2011	70,501,893	8,460,000	7,982,284	4.29	4,610,000	7,315,189	5.91	2.49
2012	69,168,280	12,630,000	7,028,800	3.52	11,880,000	7,477,233	3.57	1.77
2013	51,935,937	13,260,000	6,437,088	2.64	9,940,000	9,115,348	2.73	1.34
2014	54,695,742	11,570,000	4,902,319	3.32	11,860,000	10,306,245	2.47	1.42
2015	78,641,353	10,210,000	2,551,456	6.16	15,535,000	14,115,713	2.65	1.85
2016	91,912,905	10,210,000	2,551,456	7.20	18,800,000	18,258,583	2.48	1.84
2017	86,367,066	-	3,680,389	23.47	25,495,000	21,419,293	1.84	1.71
2018	130,213,738	-	10,685,000	12.19	31,035,000	22,962,237	2.41	2.01
2019	112,828,700	-	10,685,000	10.56	34,805,000	21,067,832	2.02	1.70
2020	139,425,250	7,580,000	10,495,500	7.71	36,710,000	19,938,154	2.46	1.87

(concluded)

Source: Comprehensive Annual Financial Reports

[1]**The Utility System includes the Electric, Water, and Wastewater funds.**

[2]**For the coverage calculation, the fair market adjustment to the value of investments is excluded.**

[3]**For the coverage calculation, franchise fees and return on investment payments to the General Fund are excluded from operating expenses.**

[4]**Revenue bond covenants required a times coverage of 1.25 or greater through fiscal year 2016. Starting in fiscal year 2017, revenue bond convenants require a times coverage of 1.00 or greater.**

[5]**Total times coverage provided to assess total bond debt related to the Utility System.**

CITY OF DENTON, TEXAS **Table 13**
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN FISCAL YEARS

Fiscal Year	Estimated Population[1]	Personal Income	Per Capita Income[2]	Median Age[2]	Grade School Enrollment[3]	University Enrollment[4]	Unemployment Rate[5]
2011	115,173	2,636,425,143	22,891	28.9	24,901	47,720	6.3%
2012	116,888	2,515,546,648	21,521	27.0	25,791	48,227	5.5%
2013	117,982	2,783,431,344	23,592	26.9	26,339	48,584	5.2%
2014	120,147	2,960,782,521	24,643	27.5	27,105	48,497	4.2%
2015	122,927	2,982,209,020	24,260	27.9	27,473	49,665	3.4%
2016	125,288	3,011,547,656	24,037	28.4	28,658	50,809	3.5%
2017	128,576	3,332,047,040	25,915	28.5	29,433	50,911	3.1%
2018	132,595	3,469,348,175	26,165	29.1	30,219	51,100	3.1%
2019	136,927	3,768,094,113	27,519	29.9	30,973	52,368	2.8%
2020	140,956	4,103,088,204	29,109	29.1	30,319	48,064	6.5%

Sources:

[1]**City of Denton Planning and Development Department estimate. Prior population figures have been adjusted to reflect the 2010 census data.**

[2]**United States Census and Denton Chamber of Commerce**

[3]**Denton Independent School District**

[4]**University of North Texas' and Texas Woman's University's Denton campus enrollment**

[5]**Texas Workforce Commission estimate**

CITY OF DENTON, TEXAS **Table 14**
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO

2020			2011		
Name of Employer	Employees	Percentage of Total City Employment	Name of Employer	Employees	Percentage of Total City Employment
University of North Texas	4,614	6.37%	University of North Texas	7,764	12.59%
Denton Independent School District	4,417	6.10%	Denton Independent School District	2,600	4.22%
Peterbilt Motors-Headquarters & Plant	3,075	4.25%	Texas Woman's University	1,586	2.57%
Texas Woman's University	1,875	2.59%	Peterbilt Motors-Headquarters & Plant	1,450	2.35%
Denton County (in Denton)	1,803	2.49%	Denton County (in Denton)	1,441	2.34%
City of Denton	1,757	2.43%	Denton State School	1,400	2.27%
Denton State Supported Living Center	1,700	2.35%	City of Denton	1,334	2.16%
Texas Presbyterian Hospital	1,076	1.49%	Federal Emergency Management Agency	1,100	1.78%
Medical City Denton	950	1.31%	Denton Regional Medical Center	850	1.38%
Sally Beauty Holdings, Inc	950	1.31%	Presbyterian Hospital of Denton	800	1.30%
Total	22,217	30.69%	Total	20,325	32.96%

Source: Office of Economic Development & Denton Chamber of Commerce

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2011**	**2012**	**2013**	**2014**	**2015**
General government	195.00	204.25	210.25	210.25	218.75
Public safety					
Police	222.23	217.23	219.23	225.23	228.23
Fire	163.25	163.25	167.75	167.75	168.25
Animal services	8.00	9.00	11.00	11.00	13.00
Municipal Court/Judge	18.50	19.50	19.50	19.50	19.00
Public Safety Communication	-	-	-	-	-
Public works	39.00	41.00	44.00	46.00	49.50
Parks and recreation	142.58	141.08	143.35	145.81	145.81
Electric system	129.50	131.50	143.00	164.00	174.00
Water system	158.50	158.00	154.00	133.50	140.50
Wastewater system	88.37	92.37	97.25	100.75	108.75
Solid waste	98.50	105.50	115.00	117.00	120.00
Airport	5.00	5.50	6.50	6.50	7.50
Materials management	13.50	12.00	13.00	15.00	15.00
Fleet services	21.00	22.00	22.00	22.00	22.00
Technology services	26.00	27.00	29.00	31.00	36.00
Engineering	-	-	-	31.00	34.00
Risk Retention	5.00	6.00	6.00	6.00	8.00
Customer Service	-	-	-	-	-
Facilities Management	-	-	-	-	-
Total	1,333.93	1,355.18	1,400.83	1,452.29	1,508.29

(continued on the following page)

Source: City of Denton Budget Office

[1]Public Safety Communication moved out of Police in fiscal year 2019 into its own department.

CITY OF DENTON, TEXAS **Table 15**
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Full-time Equivalent Employees for Fiscal Year				
Function / Program	**2016**	**2017**	**2018**	**2019**	**2020**
General government	229.75	224.75	224.25	226.50	216.25
Public safety					
Police	230.23	249.73	253.73	239.73	258.23
Fire	177.25	184.25	191.25	194.25	197.25
Animal services	13.00	14.00	14.00	16.50	20.00
Municipal Court/Judge	19.00	18.00	17.00	15.50	15.75
Public Safety Communication[1]	-	-	-	30.00	33.50
Public works	54.50	61.00	60.00	55.00	56.00
Parks and recreation	148.48	157.73	157.73	163.93	164.63
Electric system	188.00	191.00	199.00	187.00	189.00
Water system	144.50	151.50	149.00	105.50	107.50
Wastewater system	111.25	111.25	110.00	113.50	125.00
Solid waste	124.50	132.50	132.50	122.50	128.00
Airport	7.50	6.50	6.00	6.00	6.00
Materials management	16.00	17.00	18.00	23.00	26.50
Fleet services	24.00	24.00	23.00	26.00	26.00
Technology services	36.00	43.00	44.00	56.75	61.75
Engineering	34.00	35.00	36.00	52.00	51.00
Risk Retention	8.00	9.00	9.00	10.00	10.00
Customer Service	-	-	-	42.50	45.00
Facilities Management	-	-	-	-	20.50
Total	1,565.96	1,630.21	1,644.46	1,686.16	1,757.86

(concluded)

Source: City of Denton Budget Office

[1]**Public Safety Communication moved out of Police in fiscal year 2019 into its own department.**

CITY OF DENTON, TEXAS **Table 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2011**	**2012**	**2013**	**2014**	**2015**
Public Safety					
Police					
Calls for service	**84,899**	**81,104**	**81,084**	**83,704**	**84,434**
Traffic citations issued	**29,162**	**28,327**	**30,166**	**27,160**	**22,022**
Fire					
Fire calls for service	**3,423**	**3,316**	**3,845**	**4,183**	**3,933**
EMS calls for service	**7,458**	**7,657**	**7,717**	**7,977**	**8,079**
Inspections (Businesses)	**4,370**	**4,310**	**4,366**	**4,830**	**4,066**
Animal Services					
Animals sheltered	**4,936**	**5,467**	**5,420**	**5,072**	**4,876**
Animals adopted, transferred, or returned	**3,730**	**4,332**	**4,209**	**3,895**	**3,870**
Public Works					
Street repaving (lane miles)	**8.33**	**15.43**	**10.26**	**25.59**	**18.21**
Pot holes repaired	**10,535**	**10,807**	**7,227**	**8,996**	**11,872**
Cutouts base failures (square feet)	**146,925**	**102,879**	**114,448**	**72,098**	**99,085**
Crack seal maintenance (linear feet)	**116,556**	**117,780**	**155,838**	**77,451**	**59,115**
Parks and Recreation					
Attendance					
Leisure Services	**1,093,705**	**969,858**	**909,395**	**1,060,988**	**967,132**
Water Park	**200,553**	**212,123**	**215,605**	**209,406**	**218,232**
Total Acres Maintained	**2,570**	**2,405**	**2,272**	**2,425**	**2,469**
Water					
Number of customers	**31,222**	**31,372**	**31,837**	**32,405**	**33,465**
Annual finished water production (in thousand gallons)	**7,331,902**	**6,750,840**	**6,827,186**	**6,155,724**	**6,355,608**
Wastewater					
Number of customers	**29,519**	**29,772**	**30,103**	**30,562**	**31,243**
Annual wastewater discharge (in thousand gallons)	**4,852,097**	**4,966,250**	**4,943,270**	**4,926,080**	**5,834,100**
Solid Waste					
Number of customers (residential and commercial)	**32,621**	**33,049**	**34,003**	**36,593**	**37,540**
MSW Landfilled (tons)	**149,930**	**164,436**	**176,076**	**203,928**	**227,859**
Recycling collections (tons)	**73,912**	**86,887**	**96,055**	**87,655**	**81,558**

(continued on the following page)

Source: Various city departments

CITY OF DENTON, TEXAS **Table 16**
OPERATING INDICATORS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year					
Function / Program	**2016**	**2017**	**2018**	**2019**	**2020**	
Public Safety						
Police						
Calls for service	**86,399**	**87,122**	**81,672**	**87,847**	**90,583**	
Traffic citations issued	**20,207**	**22,323**	**20,251**	**22,747**	**10,896**	[2]
Fire						
Fire calls for service	**4,511**	**4,651**	**4,978**	**3,502**	**4,421**	
EMS calls for service	**8,943**	**9,687**	**9,876**	**9,130**	**12,091**	
Inspections (Businesses)	**4,361**	**3,988**	**4,142**	**3,537**	**2,982**	
Animal Services						
Animals sheltered	**5,032**	**4,944**	**4,924**	**5,027**	**4,059**	
Animals adopted, transferred, or returned	**4,468**	**4,203**	**4,236**	**4,065**	**3,671**	
Public Works						
Street repaving (lane miles)	**25.69**	**28.36**	**32.01**	**16.89**	**11.66**	
Pot holes repaired	**15,254**	**16,972**	**6,228**	**6,658**	**4,837**	
Cutouts base failures (square feet)	**152,002**	**95,601**	**328,022**	**72,819**	**160,661**	[1]
Crack seal maintenance (linear feet)	**37,828**	**119,611**	**438,240**	**47,908**	**-**	[1]
Parks and Recreation						
Attendance						
Leisure Services	**1,007,102**	**1,082,246**	**1,166,987**	**1,000,918**	**421,364**	[2]
Water Park	**224,893**	**232,527**	**210,171**	**218,326**	**-**	[2]
Total Acres Maintained	**2,511**	**2,206**	**2,245**	**1,990**	**2,081**	
Water						
Number of customers	**34,198**	**34,714**	**35,945**	**36,876**	**38,082**	
Annual finished water production (in thousand gallons)	**6,301,333**	**6,368,582**	**7,141,131**	**6,706,951**	**7,178,384**	
Wastewater						
Number of customers	**32,077**	**32,618**	**33,987**	**34,873**	**35,922**	
Annual wastewater discharge (in thousand gallons)	**6,111,680**	**5,175,571**	**4,548,900**	**5,335,150**	**5,237,560**	
Solid Waste						
Number of customers (residential and commercial)	**39,806**	**41,219**	**42,499**	**43,256**	**44,736**	
MSW Landfilled (tons)	**251,305**	**268,000**	**276,537**	**310,487**	**401,563**	
Recycling collections (tons)	**113,743**	**117,155**	**105,493**	**48,025**	**35,680**	
					(concluded)	

Source: Various city departments

[1] The City did less route and seal of the concrete pavement and more clean and seal of asphalt pavement during the year. The drop in # of cutouts and crack seal maintenance was due to resources beign allocated to other projects and programs.

[2] These numbers were impacted from the COVID19 pandemic. The Water Park did not open this year.

CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2011**	**2012**	**2013**	**2014**	**2015**
Public safety					
Police					
Police stations	**1**	**1**	**1**	**1**	**1**
Police patrol units	**143**	**139**	**137**	**138**	**137**
Fire					
Fire stations	**7**	**7**	**7**	**7**	**7**
Emergency vehicles	**30**	**30**	**31**	**31**	**32**
Animal services					
Animals shelters	**1**	**1**	**1**	**1**	**1**
Public works					
Lane miles added per year	**1.56**	**2.45**	**12.00**	**12.20**	**5.83**
Streetlights	**6,996**	**6,987**	**7,020**	**7,067**	**7,164**
Parks and recreation					
Parks	**34**	**34**	**34**	**34**	**34**
Parks and open spaces acreage	**1,332**	**1,431**	**1,461**	**1,783**	**1,783**
Recreation centers	**12**	**12**	**12**	**12**	**12**
Water					
Water mains (miles)	**560**	**565**	**572**	**592**	**604**
Raw water (in thousand gallons)	**7,572,149**	**7,013,351**	**6,776,717**	**6,195,624**	**6,493,457**
Wastewater					
Wastewater mains (miles)	**496**	**501**	**509**	**513**	**516**
Maximum daily capacity (in million gallons)	**25**	**25**	**25**	**25**	**25**
Solid waste					
Landfills	**1**	**1**	**1**	**1**	**1**

(continued on the following page)

Source: Various city departments

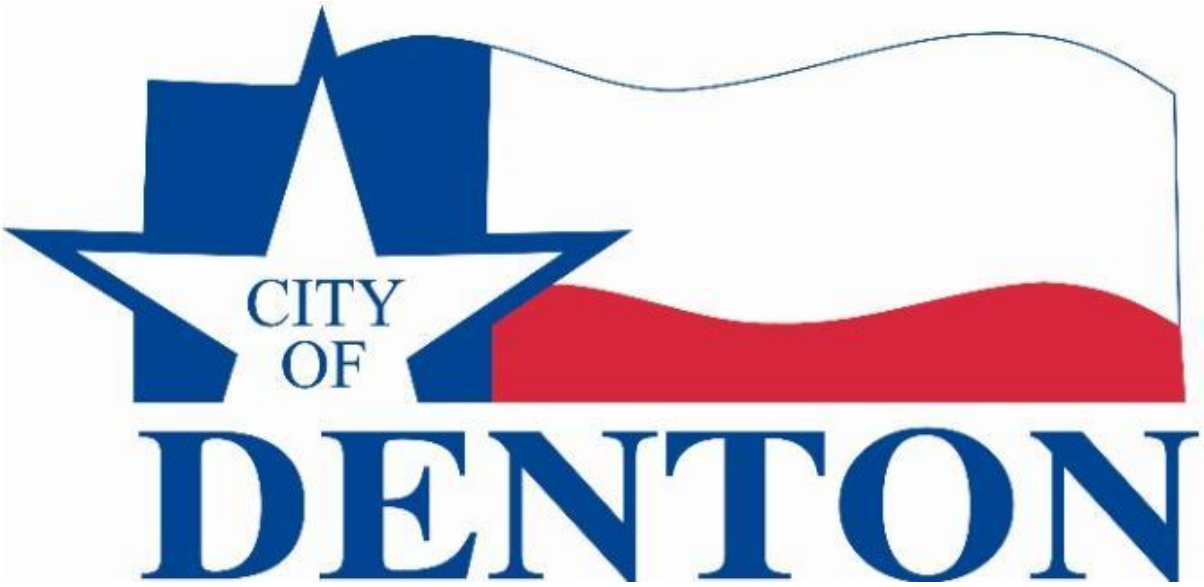
CITY OF DENTON, TEXAS **Table 17**
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (concluded)
LAST TEN FISCAL YEARS

	Fiscal Year				
Function / Program	**2016**	**2017**	**2018**	**2019**	**2020**
Public safety					
Police					
Police stations	**1**	**1**	**1**	**1**	**1**
Police patrol units	**141**	**147**	**155**	**168**	**169**
Fire					
Fire stations	**7**	**7**	**7**	**7**	**7**
Emergency vehicles	**36**	**36**	**37**	**37**	**34**
Animal services					
Animals shelters	**1**	**1**	**1**	**1**	**1**
Public works					
Lane miles added per year	**8.11**	**22.45**	**22.64**	**85.60**	**23.49**
Streetlights	**7,233**	**7,414**	**7,771**	**7,889**	**8,199**
Parks and recreation					
Parks	**34**	**34**	**34**	**34**	**38**
Parks and open spaces acreage	**2,284**	**2,284**	**2,245**	**4,033**	**3,906** [1]
Recreation centers	**12**	**12**	**12**	**12**	**12**
Water					
Water mains (miles)	**618**	**626**	**631**	**631**	**642**
Raw water (in thousand gallons)	**6,182,450**	**6,232,032**	**6,946,073**	**6,473,664**	**6,760,814**
Wastewater					
Wastewater mains (miles)	**521**	**526**	**533**	**533**	**528** [1]
Maximum daily capacity (in million gallons)	**25**	**25**	**25**	**25**	**25**
Solid waste					
Landfills	**1**	**1**	**1**	**1**	**1**

(concluded)

Source: Various city departments

[1]The City revised these calculations using GIS technology and verification.


CITY
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CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,882,947	$ 1,882,947	$ 1,727,545	$ 155,402
Materials and Supplies	29,650	29,650	17,264	12,386
Insurance	15,859	15,859	15,859	-
Miscellaneous	157,275	157,275	75,734	81,541
Operations, Services	150,273	150,273	121,636	28,637
Transfers - Interfund	222,141	222,141	214,585	7,556
City Manager's Office	2,458,145	2,458,145	2,172,623	285,522
Personal Service	313,766	313,766	312,297	1,469
Materials and Supplies	700	700	1,071	(371)
Insurance	4,735	4,735	4,735	-
Miscellaneous	1,000	1,000	-	1,000
Operations, Services	22,970	22,970	19,758	3,212
Transfers - Interfund	10,828	10,828	10,460	368
Cable Television	353,999	353,999	348,321	5,678
Personal Service	450,195	450,195	350,552	99,643
Materials and Supplies	3,800	3,800	750	3,050
Insurance	5,653	5,653	5,653	-
Operations, Services	177,250	177,250	103,577	73,673
Transfers - Interfund	6,621	6,621	6,397	224
Internal Audit	643,519	643,519	466,929	176,590
Personal Service	940,964	940,964	981,411	(40,447)
Materials and Supplies	213,475	213,475	178,674	34,801
Insurance	10,041	10,041	10,041	-
Operations, Services	596,486	496,486	249,851	246,635
Transfers - Interfund	32,425	32,425	31,321	1,104
Public Communications	1,793,391	1,693,391	1,451,298	242,093
Personal Service	1,335,677	1,335,677	1,791,006	(455,329)
Materials and Supplies	29,900	29,545	17,850	11,695
Maintenance and Repairs	500	500	-	500
Insurance	16,114	16,114	16,114	-
Miscellaneous	45,000	45,000	38	44,962
Operations, Services	274,671	273,500	281,444	(7,944)
Transfers - Interfund	124,519	126,045	120,282	5,763
Human Resources	1,826,381	1,826,381	2,226,734	(400,353)
Personal Service	2,465,245	2,465,245	2,343,758	121,487
Materials and Supplies	58,863	63,863	57,301	6,562
Insurance	22,309	22,309	22,309	-
Operations, Services	210,655	240,655	322,708	(82,053)
Transfers - Interfund	91,169	91,169	88,069	3,100
Legal Administration	$ 2,848,241	$ 2,883,241	$ 2,834,145	$ 49,096

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 498,020	$ 506,495	$ 492,014	$ 14,481
Materials and Supplies	9,576	9,576	2,905	6,671
Insurance	4,839	4,839	4,839	-
Operations, Services	8,285	8,285	6,806	1,479
Transfers - Interfund	35,335	35,335	34,133	1,202
Municipal Judge	556,055	564,530	540,697	23,833
Personal Service	2,693,494	2,693,494	2,572,920	120,574
Materials and Supplies	46,228	46,228	19,916	26,312
Maintenance and Repairs	-	-	160	(160)
Insurance	27,971	27,971	27,971	-
Miscellaneous	43,181	43,181	1,328	41,853
Operations, Services	1,071,012	973,804	635,168	338,636
Transfers - Interfund	172,915	270,123	262,033	8,090
Planning	4,054,801	4,054,801	3,519,496	535,305
Personal Service	2,905,722	2,905,722	2,870,710	35,012
Materials and Supplies	59,662	59,662	24,978	34,684
Maintenance and Repairs	-	-	97	(97)
Insurance	44,644	44,644	44,644	-
Operations, Services	129,540	129,540	58,043	71,497
Transfers - Interfund	297,527	297,527	287,405	10,122
Building Inspections	3,437,095	3,437,095	3,285,877	151,218
Personal Service	138,335	138,335	53,945	84,390
Materials and Supplies	184,600	124,600	69,722	54,878
Maintenance and Repairs	3,000	3,000	717	2,283
Insurance	2,702	2,702	2,702	-
Operations, Services	21,335	21,335	-	21,335
Transfers - Interfund	15,811	75,811	15,274	60,537
Reprographics	365,783	365,783	142,360	223,423
Personal Service	129,318	129,318	152,742	(23,424)
Materials and Supplies	2,250	2,250	801	1,449
Maintenance and Repairs	200	200	-	200
Insurance	5,399	5,399	5,399	-
Miscellaneous	100	100	-	100
Operations, Services	257,038	257,038	213,626	43,412
Transfers - Interfund	28,093	28,093	27,138	955
Gas Well Review	422,398	422,398	399,706	22,692
Personal Service	976,561	976,561	812,818	163,743
Materials and Supplies	39,475	38,604	11,760	26,844
Insurance	39,714	39,714	39,714	-
Operations, Services	493,321	494,192	304,885	189,307
Transfers - Interfund	71,486	71,486	69,054	2,432
Community Improvement	$ 1,620,557	$ 1,620,557	$ 1,238,231	$ 382,326

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 986,937	$ 986,937	$ 991,241	$ (4,304)
Materials and Supplies	39,900	39,900	27,712	12,188
Maintenance and Repairs	-	-	3,060	(3,060)
Insurance	20,453	20,453	20,453	-
Miscellaneous	1,200	1,200	180	1,020
Operations, Services	34,561	34,561	22,958	11,603
Transfers - Interfund	99,733	141,233	352,823	(211,590)
Fixed Assets	-	(41,500)	-	(41,500)
Municipal Court	1,182,784	1,182,784	1,418,427	(235,643)
Personal Service	3,315,556	3,315,556	2,832,524	483,032
Materials and Supplies	70,675	75,675	39,557	36,118
Maintenance and Repairs	1,800	1,800	40	1,760
Insurance	35,745	35,745	35,744	1
Miscellaneous	1,590	1,590	665	925
Operations, Services	142,090	88,090	338,234	(250,144)
Transfers - Interfund	398,297	447,297	433,748	13,549
Finance	3,965,753	3,965,753	3,680,512	285,241
Personal Service	691,184	691,184	588,031	103,153
Materials and Supplies	40,650	40,650	9,517	31,133
Maintenance and Repairs	5,600	5,600	35,249	(29,649)
Insurance	7,879	7,879	7,879	-
Miscellaneous	72,000	72,000	48,686	23,314
Operations, Services	4,097,778	4,097,778	3,555,944	541,834
Transfers - Interfund	47,712	47,712	46,089	1,623
Economic Development	4,962,803	4,962,803	4,291,395	671,408
Personal Service	6,838,081	6,838,081	5,390,616	1,447,465
Materials and Supplies	837,795	843,800	305,070	538,730
Maintenance and Repairs	632,509	627,509	344,185	283,324
Insurance	160,726	160,726	160,726	-
Miscellaneous	1,940	6,940	4,549	2,391
Operations, Services	2,908,395	2,800,395	2,287,455	512,940
Transfers - Interfund	696,675	798,670	932,907	(134,237)
Capital Outlay	38,150	38,150	69,654	(31,504)
Parks & Recreation	12,114,271	12,114,271	9,495,162	2,619,109
Personal Service	3,973,442	3,973,442	3,863,665	109,777
Materials and Supplies	156,171	124,921	82,712	42,209
Maintenance and Repairs	73,081	78,481	74,284	4,197
Insurance	95,539	95,539	95,539	-
Operations, Services	502,371	491,959	381,276	110,683
Transfers - Interfund	897,452	944,424	1,062,903	(118,479)
Capital Outlay	483,967	486,257	334,262	151,995
Library	6,182,023	6,195,023	5,894,641	300,382

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

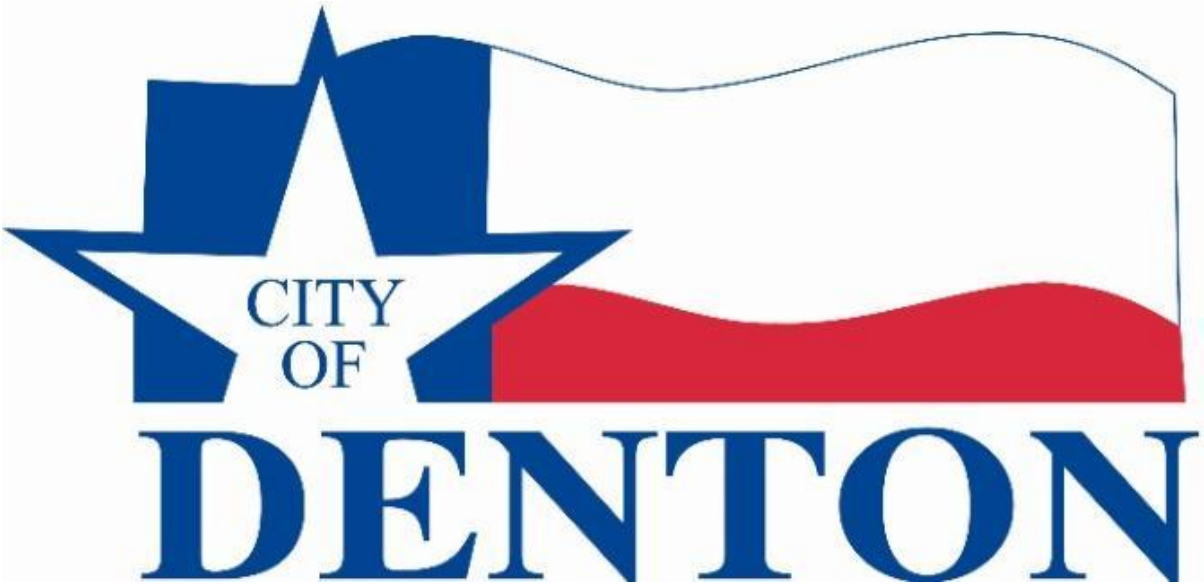
	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 1,132,652	$ 1,132,652	$ 1,039,585	$ 93,067
Materials and Supplies	16,933	16,933	15,365	1,568
Maintenance and Repairs	843,075	843,075	756,953	86,122
Insurance	26,121	26,121	27,385	(1,264)
Miscellaneous	2,200	2,200	1,242	958
Operations, Services	154,288	154,288	224,112	(69,824)
Transfers - Interfund	134,791	134,791	409,782	(274,991)
Traffic Operations	2,310,060	2,310,060	2,474,424	(164,364)
Operations, Services	850,000	850,000	820,716	29,284
Street Lighting	850,000	850,000	820,716	29,284
Personal Service	34,247,084	34,247,084	33,414,024	833,060
Materials and Supplies	664,297	641,897	710,506	(68,609)
Maintenance and Repairs	6,650	7,651	3,562	4,089
Insurance	654,000	654,000	654,000	-
Miscellaneous	220,048	221,048	176,065	44,983
Operations, Services	1,149,004	1,169,404	1,198,009	(28,605)
Transfers - Interfund	2,992,255	2,992,255	2,929,579	62,676
Fixed Assets	-	-	15,743	(15,743)
Police	39,933,338	39,933,339	39,101,488	831,851
Personal Service	1,537,446	1,537,446	1,490,920	46,526
Materials and Supplies	91,134	151,134	202,560	(51,426)
Maintenance and Repairs	9,500	9,500	24,983	(15,483)
Insurance	29,601	29,601	29,601	-
Operations, Services	516,913	456,913	416,842	40,071
Transfers - Interfund	109,275	109,275	105,557	3,718
Capital Outlay	-	-	-	-
Animal Services	2,293,869	2,293,869	2,270,463	23,406
Personal Service	27,437,043	27,437,043	28,237,757	(800,714)
Materials and Supplies	647,611	648,611	694,565	(45,954)
Maintenance and Repairs	135,638	94,373	80,122	14,251
Insurance	334,245	334,245	334,245	-
Miscellaneous	92,650	92,650	55,045	37,605
Operations, Services	2,048,516	2,037,194	2,434,555	(397,361)
Transfers - Interfund	1,088,092	1,139,220	1,457,993	(318,773)
Capital Outlay	74,000	73,459	23,273	50,186
Fire	$ 31,857,795	$ 31,856,795	$ 33,317,555	$ (1,460,760)

(continued on the following page)

CITY OF DENTON, TEXAS **Exhibit XXXI**
SCHEDULE OF EXPENDITURES - BUDGET AND ACTUAL (concluded)
GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual on a Budgetary Basis	Variance with Final Budget - Positive (Negative)
	Original	Final		
EXPENDITURES:				
Personal Service	$ 288,721	$ 288,721	$ 288,312	$ 409
Materials and Supplies	5,465	5,464	805	4,659
Insurance	5,472	5,472	5,472	-
Miscellaneous	685,120	685,120	535,447	149,673
Operations, Services	702,440	702,440	340,412	362,028
Transfers - Interfund	29,494	29,494	28,491	1,003
Fixed Assets	-	1	-	1
Agency Contributions	1,716,712	1,716,712	1,198,939	517,773
Personal Service	(1,950,000)	(1,950,000)	245,628	(2,195,628)
Materials and Supplies	40,000	40,000	(17,771)	57,771
Miscellaneous	250,148	206,673	197,998	8,675
Operations, Services	1,354,909	812,388	1,861,900	(1,049,512)
Transfers - Interfund	9,051,718	9,682,239	9,341,560	340,679
Miscellaneous/Finance	8,746,775	8,791,300	11,629,315	(2,838,015)
Personal Service	93,228,390	93,236,865	92,844,021	392,844
Materials and Supplies	3,288,810	3,250,938	2,473,590	777,348
Maintenance and Repairs	1,711,553	1,671,689	1,323,412	348,277
Insurance	1,569,761	1,569,761	1,571,024	(1,263)
Miscellaneous	1,573,452	1,535,977	1,096,977	439,000
Operations, Services	17,874,101	16,940,738	16,199,915	740,823
Transfers - Interfund	16,654,364	17,734,214	18,267,583	(533,369)
Capital Outlay	596,117	556,367	442,932	113,435
TOTAL GENERAL FUND	$ 136,496,548	$ 136,496,549	$ 134,219,454	$ 2,277,095

(concluded)


CITY
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City of Denton, Texas

Federal and State Single Audit Reports
Year Ended September 30, 2020

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Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor and City Council of
City of Denton, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Denton, Texas, (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 12, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 12, 2021

Independent Auditor's Report on Compliance for Each Major Federal and State Program, Report on Internal Control over Compliance, and Report on Schedule of Expenditures of Federal and State Awards Required by the Uniform Guidance and the State of Texas *Uniform Grant Management Standards*

The Honorable Mayor and City Council of
City of Denton, Texas

Report on Compliance for Each Major Federal and State Program

We have audited the City of Denton, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* and the State of Texas *Uniform Grant Management Standards* issued by the Texas Governor's Office of Budget and Planning that could have a direct and material effect on each of the City's major federal and state programs for the year ended September 30, 2020. The City's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the statutes, regulations, contracts, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance); and the State of Texas *Uniform Grant Management Standards* (UGMS) issued by the Texas Governor's Office of Budget and Planning. Those standards, Uniform Guidance and UGMS, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal and State Program

In our opinion, the City, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2020.

The Honorable Mayor and City Council of
City of Denton, Texas

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with Uniform Guidance and UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and UGMS. Accordingly, this report is not suitable for any other purpose.

The Honorable Mayor and City Council of
City of Denton, Texas

Report on Schedules of Expenditures of Federal and State Awards Required by the Uniform Guidance and UGMS

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Denton, Texas (the City), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements. We issued our report thereon dated March 12, 2021 which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedules of expenditures of federal and state awards is presented for purposes of additional analysis as required by the Uniform Guidance and UGMS and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedules of expenditures of federal and state awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Dallas, Texas
March 12, 2021

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	FEDERAL CFDA NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
FEDERAL AWARDS				
U.S. Department of Housing and Urban Development				
Direct Awards:				
Community Development Block Grant	B-15-MC-48-0036	14.218	$ 55,718	$ -
Community Development Block Grant	B-16-MC-48-0036	14.218	8,180	-
Community Development Block Grant	B-17-MC-48-0036	14.218	84,255	-
Community Development Block Grant	B-18-MC-48-0036	14.218	490,712	91,240
Community Development Block Grant	B-19-MC-48-0036	14.218	377,401	179,724
Community Development Block Grant	B-20-MC-48-0036	14.218	16,005	-
Total CDBG Entitlement Grants Cluster			1,032,271	270,964
Home Investment Partnerships Program	M-15-MC-48-0223	14.239	12,600	-
Home Investment Partnerships Program	M-16-MC-48-0223	14.239	186,664	-
Home Investment Partnerships Program	M-17-MC-48-0223	14.239	44,976	-
Home Investment Partnerships Program	M-18-MC-48-0223	14.239	263,309	-
Home Investment Partnerships Program	M-19-MC-48-0223	14.239	59,842	-
Home Investment Partnerships Program	M-20-MC-48-0223	14.239	21,759	-
Subtotal - CFDA# 14.239			589,150	-
Total U.S. Department of Housing and Urban Development			1,621,421	270,964
U.S. Department of Justice				
Direct Awards:				
U.S. Marshals Violent Offenders Task Force	VOTF	16.000	78,223	-
Organized Crime Drug Enforcement Task Force	OCDETF	16.000	18,148	
North Texas Organized Crime Task Force	NTOCTF	16.000	8,857	
Equitable Sharing Agreement & Certification	TX0610200	16.922	243,254	
Victim Assistance Coordinator	2019-V2-GX-0011	16.575	82,011	
National Sexual Assault Kit Initiative	2019-AK-BX-0026	16.833	27,417	
Coronavirus Emergency Supplemental Funding Program	2020-VD-BX-0934	16.034	1,080	-
Total U.S. Department of Justice			458,990	-
U.S. Department of Transportation				
Passed through Texas Department of Transportation:				
State and Community Highway Safety Grant	2020-DentonPD-S-1YG-00069	20.600	50,422	-
IH35 E Frontage & Brinker Signal	0196-01-106	20.205	163,950	-
Total U.S. Department of Transportation			214,372	-
Institute of Museum and Library Services				
Passed through Texas State Library and Archives Commision (TSLAC):				
Interlibrary Loan Program	LS-00-19-0044-19	45.310	18,648	-
TexTreasures Grant Program	LS-00-19-0044-19	45.310	24,820	-
Collaborative Summer Library Program	LS-00-18-0044-18	45.310	118	-
Total Institute of Museum and Library Services			43,586	-
National Endowment for the Humanities				
Passed through Humanities Texas:				
Library Relief Grant	2020-5909	45.129	92	-
Total National Endowment for the Humanities			92	-
U.S. Department of Health and Human Services				
Passed through Texas Health and Human Services Commission:				
Ambulance Services-Uncompensated Care Cost	000083801	93.778	923,869	-
Total U.S. Department of Health and Human Services			923,869	-

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards

For the Year Ended September 30, 2020

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	FEDERAL CFDA NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
U.S. Department of Homeland Security				
Direct Awards:				
Staffing for Adquate Fire and Emergency Response (SAFER) Grant	EMW-2016-FH-00195	97.083	252,415	-
USSS' North Texas Financial Crimes Task Force	USSS	97.000	5,000	-
2019 UASI Specialized Regional Response Teams Sustainment	EMW-2019-SS-00034-S01	97.067	139,908	-
Total Direct Awards			397,323	-
Passed through Texas A&M Engineering Extension Office:				
National Urban Search & Rescue Response System	47-100-769	97.025	180,102	-
Passed through Texas Division of Emergency Management (TDEM):				
Emergency Management Performance Grant	EMT-2020-EP-00004	97.042	37,677	
Disaster Grants-Public Assistance-Hurricane Laura	N/A	97.036	16,725	-
Disaster Grants-Public Assistance-Wildfire Season 2020	N/A	97.036	38,156	
Disaster Grants-Public Assistance-COVID 19	N/A	97.036	47,422	-
Total Passed Through Texas Division of Emergency Management (TDEM)			139,980	-
Total U.S. Department of Homeland Security			717,405	-
U.S. Department of Treasury				
Passed through Denton County, Texas Commissioners Court:				
Coronavirus Relief Fund	N/A	21.019	4,802,113	-
Total U.S. Department of Treasury			4,802,113	-
U.S. Department of Labor				
Passed through Texas Workforce Commission:				
Unemployment Insurance Program-50% Chargeback Credit	N/A	17.225	152,003	-
Total U.S. Department of Treasury			152,003	-
Federal Aviation Administration				
Passed through Texas Department of Transportation Aviation Division:				
Airport West Side Runway Grant	N/A	20.106	1,958	-
Total Federal Aviation Administration			1,958	-
TOTAL EXPENDITURES OF FEDERAL AWARDS			$ 8,935,809	$ 270,964

City of Denton, Texas

Schedule of Expenditures of Federal and State Awards
For the Year Ended September 30, 2020

STATE GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	GRANT I.D. NUMBER	EXPENDITURES	PASSED THROUGH TO SUBRECIPIENTS
STATE AWARDS			
Office of the Texas Attorney General			
Chapter 59 Asset Forfeiture Award	N/A	$ 26,105	$ -
Total Office of the Texas Attorney General		26,105	-
Texas Department of Transportation			
Airport Maintenance Grant	M2018DNTO	50,000	-
		50,000	-
RTR-Mayhill Road - From IH35 East to US 380	0918-46-246	7,146,583	-
RTR-Bonnie Brae Road - From IH35 East to US 377	0918-46-245	5,548,492	-
RTR-ITS Communication Trunk Lines	0918-46-244	191,839	-
RTR-Mckinney Street (Formerly FM 426)	0918-46-298	7,992,872	-
RTR-Hickory Creek Road Project	0918-46-290	878,697	-
RTR-N TX Blvd Roundabout	0918-46-281	26,541	-
RTR-Fort Worth Drive Utility Improvement	0918-46-315	3,000,000	-
IH35 E Frontage & Brinker Signal	0918-01-106	40,987	-
Total Regional Toll Revenue (RTR) Transportation Projects		24,826,011	-
Total Texas Department of Transportation		24,876,011	-
Texas A&M Engineering Extension Service			
Urban Search & Rescue Response System	47-100-769	143,041	-
Total Texas A&M Engineering Extension Service		143,041	-
Texas Commission on Environmental Quality			
Alternative Fueling Facilities Program	582-21-14808-AF	1,613	-
Alternative Fueling Facilities Program	582-21-14809-AF	1,613	-
Alternative Fueling Facilities Program	582-21-14810-AF	1,613	-
Alternative Fueling Facilities Program	582-21-14811-AF	1,613	-
Total Texas Commission on Environmental Quality		6,452	-
Texas Comptroller of Public Accounts			
Police-Law Enforcement Officer Standards & Education	N/A	9,600	-
Reimbursement for Sexual Assault Examinations	N/A	1,779	-
Total Texas Comptroller of Public Accounts		11,379	-
TOTAL EXPENDITURES OF STATE AWARDS		$ 25,062,988	$ -
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS		$ 33,998,797	$ 270,964

City of Denton, Texas

Notes to Schedule of Expenditures of Federal Awards
For the Year Ended September 30, 2020

Note 1. General

The accompanying Schedules of Expenditures of Federal Awards presents the activity of all applicable federal awards of the City of City of Denton, Texas (the City). The City's reporting entity is defined in Note 1 to the financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included on the schedule. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas *Uniform Grant Management Standards* (UGMS). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Note 2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal and State Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note 1 to the City's basic financial statements.

Note 3. Relationship to Federal Financial Reports

Amounts reported in the accompanying schedule may not agree with amounts reported in the related federal financial reports with grantor agencies because of accruals which would be included in the next report filed with the agencies.

Note 4. Indirect Costs

The City has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

City of Denton, Texas

Schedule of Findings and Questioned Costs
For the Year Ended September 30, 2020

Section I - Summary of Auditor's Results

Basic Financial Statements:

An unmodified opinion was issued on the financial statements.

Internal control over financial reporting:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____Yes __X__None reported

Noncompliance which is material to the basic financial statements noted? ____Yes __X__No

Federal and State Awards:

Internal control over major programs:

- Material weakness(es) identified? ____Yes __X__No
- Significant deficiency(ies) identified that is (are) not considered to be material weakness(es)? ____Yes __X__None reported

An unmodified opinion was issued on compliance for each major program.

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a) or State of Texas *Uniform Grant Management Standards*? ____Yes ___X__No

Identification of major programs:

CFDA Number/Grant Identification Number	Name of Federal and State Program or Cluster
Major Federal Program:	
21.019	Coronavirus Relief Fund
Major State Program:	Regional Toll Revenue (RTR) Transportation Projects

Dollar threshold used to distinguish Between type A and type B programs: $750,000 for federal programs
$300,000 for state programs

Auditee qualified as low-risk for federal single audit? __X__Yes ___No
Auditee qualified as low-risk for state single audit? __X__Yes ___No

City of Denton, Texas

Schedule of Findings and Questioned Costs - Continued
For the Year Ended September 30, 2020

Section II - Financial Statement Findings

None

Section III - Federal and State Awards Findings and Questioned Costs

None

Section IV – Schedule of Prior Year Findings and Questioned Costs

None